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PAPERS

RESPECTING THE

TRADE

BETWEEN

INDIA AND EUROPE.

PRINTED,

BY ORDER OF THE COURT OF DIRECTORS,

FOR THE

INFORMATION OF THE PROPRIETORS,

By E. Cox & Son, Great Queen Street, Lincoln's Inn Fields.

APRIL, 1802.

9 OCT 2002

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LETTER

FROM THE

RIGHT HONORABLE HENRY DUNDAS

TO THE

CHAIRMAN;

DATED THE 2D APRIL, 1800.

Somerset Place, 2d April, 1800.

SIR,

THE subject of this letter is the question of Private-Trade and India-built Shipping, on which I am anxious to lay my sentiments before the Court, in order to attract their early attention to a decision upon it; believing that from the state in which the question is now left, much mischief results to the interests, both of the East-India Company, and of the Public at large.

I feel the more anxious to come forward on this subject, because it is impossible for me not to observe a shyness on all hands to come to the discussion: and I am not surprized at it; because, so far as my reading or observation goes, there never was any question where those who differ upon it went into such opposite extremes, as those have done who have

 taken

taken an active part in the agitation of it. This very circumstance emboldens me to step forward in the manner I am now doing; because it being my lot to agree in the extreme of none of the opinions which have been held out to the public consideration, I am the more likely to suggest some proper medium between those extremes, which may bring together the discordant sentiments which are entertained upon it.

In the first place, I set out with disclaiming being a party to those opinions which rest upon any general attack of the monopoly of the East-India Company, either as to the Government or Commerce of India. My sentiments, in that respect, remain exactly the same as they were when I moved the renewal of the Charter in 1793; and, if any thing, I am still more confirmed in the principles I brought forward at that time. That a direct interference by Government in the affairs of India is necessary for their stability and uniformity, I am more and more convinced; but that the ostensible form of government, with all its consequent extent and detail of patronage, must remain as it now is, I am persuaded will never be called in question by any but those who may be disposed to sacrifice the freedom and security of our Constitution to their own personal aggrandizement, and ill-directed ambition. I remain equally satisfied as to the propriety of continuing a monopoly of the trade in the hands of the East-India Company. Those who maintain the reverse, appear to me to be misled by general theories, without attending to the peculiar circumstances of the trade they are treating of. Viewing it even as a mere commercial question, I believe this proposition to be a sound one; and if the trade were laid open, the supposed advantages thence arising are at best very problematical, and would certainly be very precarious and short lived. It is, however, totally to forget the question to treat it as a mere commercial one. The same principles which prove the necessity of the present form and mode of Indian Government, evince the necessity of the monopoly of trade. The Government and the Trade are interwoven together,

and

and we have only to recur to a very recent experience to learn the immense advantages which have flowed from that connexion of Government and Trade. By the commercial capital of the Company at home, acting in connexion with the public revenues under their administration abroad, they have mutually aided and administered to the wants of each other, and the result has been the fortunate achievement of those brilliant events, upon the success of which depended the existence of the Government, the territorial Wealth, and the Trade of India.

You will observe, Sir, that it is not my intention at present, to argue those topics at large; but merely to state the principles I hold upon such topics, as may appear to be connected with the subject I wish to bring more particularly under your consideration.

With the same view, it is, that I find it necessary to say a few words upon the subject of what is called the Shipping Interest of the East-India Company. Upon that subject, there seems to be a greater abuse of terms, and a more palpable confusion of ideas, than upon almost any other part of this complicated question, in so far as any person is loud in declaiming against the abuse of that great interest being confined exclusively to a few hands, who, by such a monopoly, might have it in their power to dictate such terms as they pleased to the East-India Company. On the subject of freights, I am as prepared as any man to join in crying down that abuse. But I am equally adverse to the sentiments of those who contend, that the great interest of the Company's trade is to be left to the chance of the market at large; and that the extent of the freight is either wholly, or primarily, to be the exclusive object of the Company's attention. I am decisively of opinion, that both on views of public policy and commercial security, the same description of ships should be continued in the Company's service, built under the same inspection and regulations, fitted and found, in every circumstance, in the same respectable way they

have hitherto been; and though every partiality and lavish extravagance is to be avoided, a freight fully adequate to secure those advantages, ought not to be churlishly withheld. To what extent of shipping of this description the Company ought to go, will be the subject of more minute discussion in a subsequent part of this letter.

Having, I trust, made myself distinctly understood on those leading points, I proceed next to state, what I hold to be equally uncontrovertible, that although the Legislature has, for the wisest purposes, given a monopoly of trade to the East-India Company, it is a monopoly attended with these two material circumstances:

1st. That the exportable produce of India exceeds what at present the capital of the East-India Company is capable of embracing.

2d. That the monopoly of the East-India Company does not rest on principles of colonial exclusion: for the trade, to and from India, is open to the subjects of other countries in amity with Great-Britain. We must therefore accurately attend to the considerations which naturally result from those last-mentioned circumstances.

If it be true, that the trade to be carried on by the East-India Company must, of necessity, be limited by the extent of their capital, the natural question is, What is to become of the remainder of it? Is it to be left exclusively to foreign nations, or is the monopoly of the Company to be so modified in the exercise of it, as to open this surplus market to the capital of British subjects? This is a mere question of policy, to be decided on principles of expediency and sound discretion, upon a due attention to all the considerations which enter into the discussion of it. And although nothing could be more invidious and impolitic, than to attempt to apply the principles of colonial exclusion to other independent nations; nothing

nothing certainly can be more just or natural, than, that those nations who trade to India, should trade there on their own capitals; and that the capital of the British subjects, resident in India, should be brought home to this country, in the manner most beneficial to their own interests, and to that of the mother country, where it is desirable all that capital should ultimately settle. This proposition then clearly points out the true appropriation of the surplus produce of India. When I state this, I am at the same time free to declare, that I totally disapprove of attempting to accomplish this by penal restrictive statutes. All such ever have been, and ever will be, nugatory, when resorted to for such a purpose. Trade never can be regulated or directed by any other certain rule than the interest of those concerned in it. But it is so much the interest and natural bent of a British subject to send his fortune to that country which gave him birth, and where he means to close his days, that nothing but the most unnatural and impolitic restraints can suggest to him a desire to do otherwise.

But obvious as this principle may appear to be, it requires accurate attention in the application of it to the subject in question. If I am asked whether, in stating this principle, I mean that the trade to and from India, in the common use of the terms, ought to be free and open to all His Majesty's subjects in India? I answer distinctly in the negative. The nature of the Indian manufacture, and the immemorial habits of the manufacturers, exclude the practical application of so indefinite a principle to the Export Trade from India. The manufacture of the finer and more valuable fabricks of India, have always been produced by advances from the Government, or individuals, for whose behoof those fabricks are manufactured; and if the dealing with those manufacturers was to be laid open to the uncontroled competition of every individual, the consequence would be a boundless scene of confusion and fraud; and, ultimately, the ruin of the manufacturers themselves. It is unnecessary for me to detail this part of the subject at any length, because it is so clearly and ably

 explained

explained in a Letter from Lord Cornwallis to the Court of Directors, dated 1st November, 1788, that I have only to refer you and the Court to the careful perusal of it. The whole of it is worthy of your serious attention, but paragraphs 24 to 31 inclusive, are those to which I particularly refer, as bearing on the present question. It is not the purpose of the present letter to point out what the precise regulations ought to be; but it is obvious, that those employed in the agency of such a Trade should be controled by such regulations, as may be requisite to secure both to the Company itself, and to other individuals the full benefit of those advances they have made to the manufacturers of Indian fabricks.

It is immediately connected with the observations last offered, to consider, by what agency is the Trade of individuals in India to be carried on? If this question was to be decided on the principles of an open and free Trade, the answer to the question would be, that every individual should send out, or employ, any agent he thought best to manage his own business. But from what I have already stated on the former point, you will anticipate my opinion on this, namely, that no agent should be employed in India, or permitted to reside there, except with the license of the East-India Company, and subject to the control of such regulations as the habits, prejudices, and trade of the country may render expedient. In addition to every other consideration, arising out of the peculiar nature of the trade and manners of the country, there is one decisive circumstance against the tolerance of every unlicensed adventurer in India. It would rapidly, though insensibly, lead to the settlement and colonization of the worst kind of adventurers taking root in that country, than which there could not be a more fatal blow to the permanence of the British power and pre-eminence in India. No principle ought ever to be tolerated or acted upon, that does not proceed on the basis of India being considered as the temporary residence of a great British establishment for the good government

government of the country, upon steady and uniform principles; and of a large British factory, for the beneficial management of its trade, upon rules applicable to the state and manners of the country.

From these premises, the conclusion I draw is, that the surplus produce of India, beyond what the appropriated capital of the East-India Company can bring home, should be considered as the means of transferring the fortunes of the servants in India to Great-Britain; and that the commerce should be managed there, either by the parties themselves interested in it, or by their agents acting under the license, and subject to the control and regulations of the East-India Company.

The question which naturally follows is, by what mode of conveyance is that Trade to be brought home? I answer, by the India-built shipping. Upon the policy and beneficial tendency of this measure, I have only to refer you to the unanimous opinion of all your ablest servants in India, who have, from time to time, and in the most explicit terms, pointed out to you the expediency of this indulgence, both with a view to a just attention to the interests of your servants in India, and with a view to make Britain the great emporium of the Trade of Asia. Indeed nothing has hindered your servants abroad, sanctioned by the express advice of your Board of Trade, from acting upon these principles at different times, but the great quantity of unemployed shipping sent out by the East-India Company. I trust henceforward you will see the wisdom of desisting from such a wasteful system. If you fix the capital you mean to apply to investment, and accurately direct your servants to provide that investment, there can be no occasion for any extra shipping. Your investment and shipping will correspond accurately together, and your commerce be systematically conducted. I mean, in a separate letter, to treat of what the amount of that investment ought to be, and what are the means by which it is to be provided. At present I mean only to state, that whatever the

regular

regular investment is, it ought to be brought home in the regular home-built ships, to which I have referred in the beginning of this letter. If any accident shall befall any of those ships in their outward passage, or if any circumstances exist to render it expedient for you to bring home gruff goods, or any other articles of commerce from India, a discretion should be left with your Governments abroad to supply that deficiency from the shipping to be found in India. But it ought to be adopted and adhered to as an invariable rule, that the regular shipping to be sent from this country, should be in exact proportion to the amount of the investment expected home.

When I am thus adding the concurrence of my opinion to the weight of authority which the proposition derives from the unanimous sentiments of your most intelligent servants in India, I am only adhering to the principles I detailed when I moved the renewal of your Charter in 1793. It was upon an application of those principles that the provision was made in the Act of Parliament, directing the East-India Company to appropriate 3000 tons annually to the Private-Trade to and from India. Although I proposed that measure, I should be uncandid if I did not fairly acknowledge that experience has proved it to be inadequate to the purposes for which it was intended. If the object had been only to try an experiment how far individuals were not more competent to the export of British produce and manufactures, than the East-India Company, no other objection would lie against the measure, except what may be supposed to arise from the dearness of freight, at which the East-India Company could afford to give shipping of that description. But in so far as the provision went to secure the transfer of the capital of our servants in India to this country, through the medium of Trade, it is clearly ascertained, that the measure was a nugatory one. I need not enter into an explanation of the reasons, for they are so distinctly and unanswerably stated, both in the correspondence of your Board of Trade at Bengal,

gal, and in the Memorials presented by the Merchants at Calcutta to your Supreme Government in India, that I have only to refer you to the perusal of these documents, in proof of the inutility of that provision in the Act of 1793.

I am therefore clear, that clause in the Act ought to be repealed, and the Company relieved from the obligation it imposes upon them: and in place thereof, a power given to your Governments abroad to allow the British subjects, resident in India, to bring home their funds to Britain in the shipping of the country. I see in the records of the Company abroad, it is suggested, that those ships should be contracted for by the Government, and re-freighted to the individuals. I do not exactly perceive what benefit arises from the Government having that kind of interference in the business; but if there is any good reason for it, there is not certainly any material objection against it. But it is material to attend to, and of course regulations will be made as to the time of sailing and other circumstances of detail, connected with the safe execution of the measure.

It may perhaps be objected, that this proposition is injurious to the regular shipping of the East-India Company, for the preservation of which system I have already given so decided an opinion.

The answer to this objection is two-fold. First, in point of fact, it will not diminish their shipping a single ton; for the East-India Company would not, if the measure was not adopted, send out a single ship more. They ought and will send out as much of the regular British-built India shipping as is necessary to bring home the whole of their investment, and they will act improvidently if they send out one ton more. The only effect of this measure not being adopted, would be

to extend the trade and shipping of other nations, but in no respect to add to the regular shipping of the East-India Company.

In the next place, those interested in the regular shipping of the East-India Company would do well to consider the benefits they already enjoy, in place of endeavouring to cramp and check the just pretensions of others. They ought to recollect the rapid progress they have made from the time of the Commutation Act; and, above all, they ought to recollect, that it has always been considered as a very problematical question, how far, consistent with the national interests, so much of the ship timber of the country ought to be appropriated to its commercial concerns, in the manner practised by the builders of India shipping. I am one of those, who think there are reasons of public expediency, connected with the very interest on which the objection is founded, which ought to prevent any principle of that kind being inconsiderately acted upon. But one of the material grounds, upon which I am disposed to think that the objection I have referred to ought to be well weighed, before it is given way to, arises from the reflection, that we have a national resource in India, which ought to lead to the reverse of any invidious or unjust discouragement being given to the ship-building of India.

In some of the many speculations I have heard, and the publications I have perused, on this subject, it is usual to ask, in a tone of complaint, if it is not unjust, and unfair, that the merchants and shipping of this country, other than the shipping of the East-India Company, should be excluded from a participation of that trade, which is allowed to the subjects of foreign nations?

The statement, at first sight, may appear plausible; but when examined to the bottom, it has no solidity. In truth, it is only another mode of

of objecting to the monopoly of the East-India Company. If there are reasons of sound policy, why the Legislature has decided that the Indian Trade should be carried on by a monopoly, it is because, viewing the interests of the Public as one aggregate, it is of opinion, that those interests are best cared for, by that mode of conducting the Trade. Those, therefore, who state this objection, being themselves part of that whole, are, in common with the rest of His Majesty's subjects, reaping the benefit of that influx of national wealth and capital, which the East-India Trade, so conducted, brings into the national stock. They cannot, therefore, more than others, because their occupation happens to be that of Merchants or Ship-owners, complain of being injured by the means which the wisdom of Parliament has devised, for introducing that flow of wealth into the kingdom.

The case is totally different with regard to the subjects of foreign nations. They are not the objects of the care of the British Legislature; neither are their interests at all in the view of its provisions. They reap no benefit, but the reverse, from the growing wealth and prosperity of the British empire; and therefore are, in no respect, on a footing of comparison with any of the subjects of this country, to whom the restraints of the Company's Charter, for the reasons already assigned, do with perfect propriety apply.

It is quite a separate question, how far it would be right to hold our Indian possessions upon principles of colonial monopoly? and it would be deviating from the strict matter of the objection, to enter into that discussion in this place. It is sufficient, in point of fact, to observe, in answer to the Merchants and Ship-owners, that it is thought expedient for the interests of the Empire, at large, that the East-India possessions should not be regulated on the principles of colonial exclusion; and, therefore, no part of the subjects of Great-Britain can be permitted to set

up

up a separate interest of their own, against that general policy. If the colonial principle was to be applied to the Indian territories, it would not advance, by one step, that separate interest set up by the Merchants and Ship-owners, to whom I now refer.

Another turn is given to this objection, in the mouth of the same objectors; and, it is asked, Why, at least, should not the Merchants and Ship-owners, subjects of His Majesty, resident in Britain, have the same indulgences which are contended for by His Majesty's subjects resident in India? The answer is plain and conclusive, that, in contending for this indulgence to the British subjects resident in India, I am contending for a material national interest, which is no other than this, that their fortunes, capitals created in India, should be transferred from that country to this, in a manner most beneficial for themselves, and the kingdom at large, in place of being transferred through the medium of commerce by foreigners, and thereby adding to the wealth, capital, and navigation of foreign countries.

There is not a single circumstance in which this applies to the case of merchants in this country. It might be proved, if necessary, that the only effect of giving such an indulgence to the merchants resident in this country, would be a temptation to withdraw a part of the capital of the country from a more profitable trade, and more beneficial application of it, in order to divert it to another trade, less profitable to themselves, and less beneficial to the Public. Without, therefore, one single reason, either of private justice or public policy, it would be introducing a rival capital in India against the remittance-trade of the East-India Company, and in competition likewise with those individuals, whose capitals, by the proposed indulgence, it is wished to transfer to Great-Britain.

It is argued, that the extension of this indulgence of the British Merchants would be an additional encouragement to the export of British manufactures. I need only observe, that the argument proceeds on an erroneous view of the subject. The export-trade to India can never be extended in any degree proportionate to the wealth and population of the Indian Empire; neither can the returns upon it be very profitable to individuals. Those who attend to the manners, the manufactures, the food, the raiment, the moral and religious prejudices of that country, can be at no loss to trace the causes, why this proposition must be a true one. The importance of that immense Empire to this country is rather to be estimated by the great annual addition it makes to the wealth and capital of the kingdom, than by any eminent advantages which the manufactures of the country can derive from the consumption of the natives of India. I do not mean to say, that the exports from this country to India have not been very considerably increased of late years; and I make no doubt, that from recent circumstances, they may be still considerably increased. But the prospect, from the causes I have already referred to, must always be a limited one; and I am positive, that the shipping and exertions of the East-India Company, joined to the returned cargoes of those ships, who bring home the Private-Trade of India, is more than adequate to any present or future increase of export-trade, that this country can look to upon any rational ground of hope.

In this view, therefore, the British Merchants are equally mistaken, in supposing that there is any national interest implicated in their attempt to break in upon the monopoly of the Company, as they are in supposing that any material benefit would accrue to themselves individually.

In some of the collections of papers I have read upon the subject of Private-Trade, I have observed a difference of opinion entertained,

tained, to what places in India it has been or ought to be allowed. I am at a loss to discover the grounds of this controversy. If individuals are to be allowed to bring goods from India in India shipping, and to carry back goods to India in the same shipping, I cannot see the ground for restraining them in coming from, or returning to any part in India.

In like manner, with regard to agents, provided they are licensed by the Company, and subject themselves to the control of the regulations which the Company may see cause to establish for the conduct of agents in India, I see no reasons why those agents may not be permitted to exercise their agency for behoof of their constituents in any of the territories of India. I state this with regard even to agency exercised for behoof of foreigners trading to India. It is clearly beneficial for the interests of India, in every point of view, that foreigners should rather employ British agents residing under the protection of the Company in India, than that these foreign nations should establish agents of their own in any part of India. In the former case, they are under the control of the Company, and bound to adhere to such rules as the Company may think proper to lay down for the conduct of agency; but there can exist no such control or restraint over the agents of the other description.

With regard to the agents to be employed at home to manage the Private-Trade of individuals from India, and to take care of their interest in the cargoes of the returning ships, I do not see the use of any interference by the Company. The great interest to be attended to on the part of the Company is, that no goods come from India that are not deposited in the Company's warehouses, and that the goods so imported are exposed at the Company's sales, agreeable to the rules prescribed for that purpose.

This letter has extended to a length far beyond what I intended or expected; but I was desirous to have my opinion, on all the points connected with the subject, distinctly understood: and I shall less regret the trouble I have given you in the perusal of so long a letter, if I shall be successful in calling your attention to a speedy and final decision of the question, which has been too long in discussion, from the very discordant opinions and opposite extremes which have appeared in the agitation of it.

I have the honor to be, Sir,

Your most obedient humble servant,

HENRY DUNDAS.

The CHAIRMAN of the East-India Company.

FIRST REPORT

OF THE

SPECIAL COMMITTEE,

To whose Consideration the preceding Letter from Mr. DUNDAS, and the Subject in general of enlarging the PRIVATE TRADE FROM INDIA, *were referred.*

I. Your Committee have proceeded to the discussion of the subject referred to their consideration, under a deep impression of its great importance, not only in itself, but as involving a variety of important interests and relations. The preceding agitation of it had led the individuals, now forming your Committee, in common with the other members of the Court, to regard it with very serious attention; and they have since endeavoured, in some measure, to qualify themselves for the performance of the task assigned to them, by diligent inquiry and reflection; seeking to obtain from all the sources of information within their reach, a comprehensive knowledge of facts and opinions relating to this subject, and fairly to appreciate their nature and import, that thus they might be assisted in forming intelligent and just conclusions.

With this design, your Committee have perused a great variety of writings, which they will beg leave to class under distinct heads, referring to the margin * for a more particular enumeration of them.

1st. A voluminous collection of Records of the Government General of Bengal, from the year 1785 to the year 1799, which contain numerous

 applications

* Vide List of Papers, p. 71.

applications and proposals from the Free Merchants of that Presidency, and the other British Settlements, for indulgences and enlargements in the private-trade between India and Britain; with the sentiments and proceedings of the Company's commercial Servants and the Supreme Board, in relation to that and other subjects of commercial policy.

2d. Applications made directly to the Court here, in behalf of the Free Merchants of India, and of the Merchants of London, for a systematic admission, with ships of their own, into the commerce and navigation between India and Great-Britain, and for the indefinite extension of that commerce; under which head may be ranked the motion brought forward last year, in a General Court of Proprietors, on this subject; without adverting particularly to works not immediately addressed to the Court, but calculated to influence the public mind respecting the conduct of the Company, and the extent and appropriation of the Indian commerce; points which they profess to discuss.

3d. A Letter from the Right Honorable Henry Dundas to the Court of Directors, dated 2d April 1800, wherein he delineates the leading principles and views, by which the trade of the Company and of individuals from India, and the intercourse between that country and Great Britain, ought to be regulated.

Another Letter, which the same Right Honorable Gentleman was pleased to address to one of the Members of the Court, and now of your Committee, in consequence of some observations which that Member had made, on the question of enlarging the private trade from India.

In this great diversity of materials, your Committee have before them the Merchants of India proposing their own objects, and the arguments which support them: they see, also, how far, and with what views for

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the public advantage, those objects were favored by the Company's Governments abroad. The writings with which the cause of the Free Merchants has been seconded in this country, and the proposal which another set of Merchants in London have grafted upon it, display the vast consequences to which the principles and reasonings, whereon commercial enlargements in India have been urged, may be pushed, both in theory and practice; the observation of which has suggested to your Committee the necessity of previously examining, with care and foresight, the nature and tendency of every proposed innovation of the nature in question; since innovation once admitted, cannot easily be set aside, but rather has the property of acquiring, in every step it proceeds, an increased impulse towards further advancement.

In the Letters from the President of the Board of Control, your Committee have the satisfaction of seeing the main outlines of Indian policy, traced with (as they conceive) equal energy and justness, and with a liberality which must command respect and applause. The propositions these Letters contain, for adjusting the objects and the limits of private trade, will, both on account of the authority, and the public views from which they proceed, eminently engage the attention of your Committee; though it may previously be necessary to review distinctly, the principles and opinions maintained in other quarters, respecting the commerce and connection between India and Britain.

In availing themselves of all these materials, for the assistance of their judgment, it will be the duty of your Committee to aim at ascertaining what, on the whole, will be for the true interest of the Company and that of the Nation, which, in their opinion, are not at variance with each other, but indeed the same; and as such they will be regarded in this report.

Besides

Besides these numerous documents, your Committee have received written opinions on the present subject from several of their ownMembers; for though in the meetings of your Committee, the prominent parts of the question before them were discussed *vivâ voce*, and, it may be hoped, with general elucidation, yet as in a subject of so much complexity, it was not easy thus to introduce and keep in view every pertinent topic, with its due relation to the whole, it was agreed, that those Gentlemen who might be disposed to treat of the question at length, with its bearings and dependencies, should deliver their sentiments upon it in writing. The minutes, noted in the margin, were in consequence brought forward; and your Committee must beg leave to refer to them, as containing much supplementary detail, and larger illustrations of a variety of relative topics, than will well consist with the proper structure of such a report, as, in their opinion, they ought to submit to the Court.

II. To avoid the confusion and indistinctness that might ensue from a diffusive treatment of all particulars, your Committee conceive it should be their business, and it will accordingly be their endeavour, to present, with clearness, a succinct view of the great points on which the just decision of the present question depends, and of the conclusions which result from a fair consideration of them.

In order to execute this design, it will be expedient, as a preliminary, to take a short retrospect of the privileges which have been already conceded to individuals in the trade of India, with the reasons for which they were accorded; then to state the claims now advanced, and the grounds and principles, professed or implied, on which they stand; after which your Committee will proceed to examine those grounds and principles, with the consequences to which they lead; and under this head, will consider, among other things, what relates to the commerce of British India with Europe and America, the amount of that commerce, and its distribution

bution to different countries; the Indian capital applicable to it; the share of it which Great-Britain ought to attract to her own ports; the nature of the ability which British India possesses for extending its produce and exports, and the policy of promoting, indefinitely, such an extension; which last point will lead to the consideration of the true principles of policy, by which the dependency of India on Great-Britain should be maintained, and the commerce and intercourse between the two countries carried on.

The *facts* which, it is hoped, will thus be ascertained, respecting the actual state of the foreign commerce of British India, and the manner in which any large augmentation of it is practicable, with the *principles*, political and commercial, which should regulate our Indian system, will, in the opinion of your Committee, constitute those great points, by which the extent and the mode of any farther enlargements in favor of individuals should be governed and determined.

III. It may be proper to recollect, that the original source of the interest which British residents in India have obtained in the trade between that country and Europe, is to be traced to the Company's acquisition of territorial dominion in the East. Before that æra, the number of those residents was small; they were confined solely to commercial pursuits; and the few moderate fortunes which, in a slow course of years, were to be remitted home, easily found a conveyance by the bills of the Company. The vast wealth which poured into the coffers of individuals, upon the ascendancy of the English power in India, at the same time that their number, in consequence of this great change, rapidly increased there, soon overflowed the usual channel of remittance through the Company, who not having immediately adjusted their measures to the policy which this new situation of things ought to have dictated, had it been regarded as permanent, nor indeed being well able, at first, to invest in goods, even

the great revenues which came into their own hands, many of the fortunes acquired by individuals, found their way into Europe by foreign channels; and these channels being once opened for the remittance of British property, have ever since continued to serve, in a greater or less degree, for the same end, though the modes have varied. Foreigners, at first, gave bills on Europe, for the money advanced them in India, with which money they purchased the investments that carried on their Indian trade, and provided the funds for the payment of those bills; but in process of time, British resident Merchants, not confining themselves solely to the original object of paper remittance, became, clandestinely and unlawfully, parties in the trade carried on to Foreign Europe, and at length, as is supposed, in many adventures, the real though concealed principals; in which cases remittance was rather the medium of trade than the primary motive: so that they, in fact, came to stand in the place where Foreigners, who first received the fortunes of British subjects for bills on Europe, had stood; and thus was the monopoly of the Company grossly invaded, and the trade of Foreign Europe from India greatly carried on with British capital, which was an issue so little consonant to the protection and prosperity enjoyed by British residents through the Government of the Company, that to trace it to its remote cause, is certainly not to make any sufficient apology for it. Prohibitions were enacted, but they did not prevent the continuance of it; and the example of laws, inefficient and disregarded, became a new evil. To remedy both these abuses, was one professed object of the Act of 1793, which renewed the Company's Charter; and it proposed to do this by abrogating the former prohibitory laws, and permitting British residents in India not only to act for Foreigners, but to export from thence, annually, a certain quantity of goods in the Company's ships. It was intended by this last new privilege, to furnish a legal and patriotic channel for the trade, which the fortunes of British residents carried on from India to Foreign Europe, by admitting that trade directly into the Thames. It is true, that at the period here spoken of, large

large channels of remittance, by bills on the Company, were open; and it was sufficiently obvious, that British residents, who had been carrying on a traffic in violation of the laws and their engagements with the Company, had not thereby merited new privileges; but this consideration was absorbed in the national object of bringing a trade, which it was found difficult to suppress, immediately to our own ports. Yet even in the way of establishing this privilege, the Free Merchants of India were regarded, rather as secondary than as principal objects; for it was primarily conceded to the manufacturers of Britain, who were allowed to send their productions in the Company's ships to India for sale, and to bring back the proceeds in Indian goods; and the permission to lade home such goods, was then also extended to British subjects residing in India. But the manufacturers have made so little use of it to the present day, that they need not be further considered in this privilege, which rests, therefore, almost wholly with the residents abroad. The extent of it was 3000 tons annually, with a proviso for the augmentation of this quantity, if such augmentation should be found necessary. Thus, for the first time, individuals were admitted, by law, into a participation of the trading privileges of the Company, by being allowed to send goods for sale in the Company's ships.

IV. In proceeding to an account of what the Free Merchants now demand, it is fair to state, that they do not appear ever to have been satisfied with the concessions of the Act of 1793. The causes of their discontent will presently be seen; and the measures they require, in the way of remedy, are, that they be allowed to send their own goods, on their own ships, from India to this country, and, in like manner, to carry returns from this country to India; in both cases taking a license from the Company, dealing in the assortments of goods permitted by the Act of 1793, and passing all their imports here through the Company's warehouses, to be sold at their sales; also to subject their ships to the general regulations

of the Company, in respect to discipline on board, and the conduct of the navigation between India and Europe; but those ships to be dispatched at the periods chosen by the owners, without let or hindrance; to be allowed to trade from port to port in India; and even, instead of being freighted to the Company, and relet on the same terms, to the individuals chusing to lade goods on them, as has hitherto been usual in any cases of permission to private ships, to be left in this respect entirely between the owners and the shippers.

Some advocates here for the Free Merchants explicitly advance views of enlargement, which if they may be said to be virtually educible from the propositions of the Merchants, are nevertheless not avowed, and probably not intended by them. These advocates urge, in terms that seem to have no limit or qualification, the encouragement of British enterprize and capital in the trade of the East; and that British subjects, as such, and the Natives of our Possessions, shall have such a freedom in the trade of India, as foreign Europeans enjoy; that is, be permitted to send, at pleasure, to their own country, through the channel of the Company, their own goods and their own ships. They propose, moreover, that a regular conveyance, over-land, for the speediest transmission of the correspondence of both, be furnished; and that the new system of enlargement, with every facility and encouragement, on the part of the Company and the State, be established by law. The Merchants in London have in more general terms proposed, that their ships shall, in like manner, be allowed to navigate to and from British India, carrying all such goods as the Company do not exclusively reserve for themselves.

V. The grounds and reasons on which the Free Merchants prefer the claims which have now been stated, are in substance these: First, in respect to the Company's ships, that the tonnage accorded to them in those ships does not answer the design of the Legislature in granting it, and defeats

from the objects they must necessarily have in view as Merchants, because the rate of freight in the Company's ships is so extremely high, that many species of goods cannot bear it. Those ships, also, are, in consequence of the warlike and political operations which make a part of the Company's system, so uncertain in the times of their arrival and departure, and subject to so many deviations in their voyages; the times, too, at which private goods are required to be ready for them are so inconvenient, and the whole quantity of tonnage so limited, and so little adequate to the wants which may occasionally arise, that Merchants are exceedingly disconcerted and discouraged, in forming their speculations, neither knowing what quantity of tonnage they may depend on, nor when it will arrive, nor when the ships that do arrive may again sail, nor whither they may be intermediately destined; and if extra ships are allotted for the transport of their goods, though the rate of freight be less, the cost of insurance is higher, and the other disadvantages nearly the same: from all which circumstances they are rendered quite uncertain, what provision to make of goods, or how to form their arrangements, in taking up money and drawing bills on Europe, and regulating their insurances with most safety and advantage; whence, in conclusion, it happens, that they are frequently left, at the end of a season, with goods on their hands which either must remain in their warehouses till another season, or be sold to Foreigners (at least shipped to foreign ports) to the manifest loss of this country.

Another head of complaint among them, though less explicitly stated, is, that foreign Europeans enjoy greater privileges in British India than they do, who are natives of the governing State. "Foreigners," say they, "come into the British territories without restraint, and they export "ships and goods, at pleasure, to their own country, and even to all the "states of Foreign Europe and America; whilst we, subjects of Britain, "are destitute of such privileges, restrained from sending our ships to our

" own country, deprived of freedom in our commercial speculations, and " in territories belonging to that country, are degraded below the state of " aliens."

It is represented by the Free Merchants, in the third place, that the objects they propose are calculated, directly and greatly, to promote the benefit of British India, and of the sovereign State, by increasing the produce and exports of the one; the imports, duties, exports, and profits of the other; the shipping and navigation of both. That the Company cannot take off all the export produce of their territories, much of which, also, is now carried away by Foreigners, whereas nearly the whole, both of these exports, and of the surplus not wanted by the Company, might be brought by the ships of British residents, if licensed, into the Thames, to the entire extinction of the clandestine trade. That, moreover, the productions of those territories, particularly in indigo, sugar, cotton, and other bulky articles, are capable of being exceedingly extended and improved, if sufficient encouragement were given to that end; and in proof of these positions, the Merchants adduce the rapid increase in the exports from India to this country, since the liberty given by the Act of 1793, notwithstanding all the disadvantages which have cramped the freedom of commercial enterprize; whence it is inferred, that the trade is, in its own nature, progressive, and if permitted to expand freely, would soon become highly important to the nation.

Some of the advocates for the same cause on this side, have gone much farther in their reasoning, as well as in their views, than the Free Merchants themselves. Those advocates charge the Company with having designedly obstructed the operation of the Act of 1793; with having followed a narrow jealous policy, which by preventing the capital and enterprize of British residents from being freely employed in the direct trade of England, has thrown it into foreign channels, whereby a fatal rivalship

against

against ourselves has been nourished, the clandestine and neutral trade from India, in particular the trade of America with that country, has been most alarmingly increased, and even the Indian trade of our enemies, the French and Dutch, which a contrary conduct might have extinguished, has been upholden; so that Great-Britain is thus, by the preposterous policy of the Company, in danger of losing the carrying trade of India, and the maritime ascendancy she has obtained over other nations: whereas, say those advocates, if free scope were given to the enterprize of British Merchants, if they were allowed to employ their resources in the direct trade from India to Britain, nearly the whole commerce of the East might center in, or pass through, the Thames; and they add, that it was the spirit and design of the provisions of 1793, to produce these effects. The privileges thus proposed are said to be the *natural right* of British Subjects, and of the Natives of our Indian possessions. The capital which may be employed in the export trade of that country, is asserted to be immense, and the capabilities of the country for exportable produce of many valuable sorts, unbounded.

VI. Your Committee having thus exhibited what they conceive to be, in substance, the requisitions of the Free Merchants, with the arguments urged in support of them, and also the more extensive speculations with which they have been followed up here, will proceed to make their observations on the whole.

And first, with respect to the Company's ships. During war, a state in which we have been ever since the Act of 1793 passed, the regular course of commercial operations must every where be more or less interrupted, whilst the expense of freight and demorage will be greatly enhanced; and the safety of the Company's fleets, as well the military expeditions, and political objects that occur in such a period, doubtless expose the voyages of their ships to delays, changes, and uncertainties.

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The commerce of the Company has greatly suffered from these causes, and individuals who have embarked property in their ships, have no doubt shared in their inconveniences: but the Company have gone upon no design of obstructing the fair operation of the Act of 1793, as their proceedings will testify; nor could they make the greater objects of their complex system bend to private interests; yet in the article of freight they have generally favored those interests, charging individuals considerably less than they have themselves specifically paid for the goods of those individuals to the ship owners. And if the merchants were, during war, to lade on ships entirely in their own management, those ships must be subject to detentions for convoy, both out and home, or incur a proportionably higher charge for insurance, and greater hazard of capture, by which the expeditions would be frustrated.

Nevertheless, after making these proper distinctions, your Committee are ready to allow, that much uncertainty, in the times of arrival and departure of ships, and in respect of procuring freight on them, with long detention and circuitous routes, may naturally and justly be a ground of objection with individuals, who are required to depend on them for freight; and that it is fit all inconveniences of this kind should be remedied, though it will not follow, that there is no other remedy but that which the Merchants propose. And here your Committee feel themselves obliged, in justice to the subject before them, to state what they find from the proceedings of the Bengal Government, that the proposal of the Merchants to employ their own ships in the transport of their goods from India, did not originate merely from experience of the inconveniences resulting from their being confined to the Company's ships, nor had for its sole object a better mode of conveying their goods; but proceeded, in part, from a desire which seems to have been cherished, as early as the last renewal of the charter, of introducing Indian ships into the navigation to Britain, with a distinct view to the profit to be obtained

by

by employing such shipping in that new channel: for various applications appear on the Bengal Records from owners of Indian ships, therein specified, admitting that those ships were built on the speculation of their being employed in the trade to Europe, stating the loss to which disappointment would expose the owners, and requesting either that the ships may be taken up by the Company, or that individuals may be allowed to freight goods on them to Britain; and in other places, the wish of those exporters of goods, who are also ship owners, to prefer their own ships, although freight might be had on the Company's, is acknowleged, and acknowledged to arise from the profit and advantage expected by them as owners. Thus the scheme of employing private ships is not, on the part of the Merchants, purely an auxiliary expedient for facilitating the transfer of British property in goods to this country. The transfer of goods is, indeed, the object originally and principally insisted on: it is the strongest ground on which the Court could be required to relinquish part of their privileges; but the Merchants of London, who have lately claimed a share in any new enlargement that may be conceded to individuals, do not even place their application on this ground; and though the Merchants of India so often urge the policy of bringing the produce of the East into the Thames, this transfer is not the *sole end*, and the employment of Indian ships merely the *means*; but in part the transfer is the *means*, and the ships the *end*.

VII. With respect to the alleged inferiority of the condition of British subjects in our territories, compared with that of foreign Europeans, it is an objection which a brief explanation will answer; but the implied principle on which it rests may deserve serious attention.

The rights of several European Nations to commercial establishments in those countries of Hindostan now subject to our government, existed and were enjoyed long before we acquired territorial power there,

and have ever since been exercised by the subjects and the flags of those Nations, except as the fate of war has, in particular instances, suspended or extinguished them. Our acquisition of territorial power, though we did not employ it to divest Foreigners of their privileges, brought them, however, gradually into more dependence upon us for the provision of their investments; so that, at length, finding, in Bengal particularly, a greater facility in transacting their business at our settlements than at their own, some of them began to bring their ships directly to our ports; and as thus their dependence on us would be increased, and the duties on their goods, with their expenditures whilst in harbour, center with us, it was evidently good policy to encourage them in this practice, which therefore received the sanction of the Supreme Government, and of the authorities at home. It was about that time (some years after the peace of 1782) that the ships of several States which had no settlements in India, as the American, Tuscan, and Genoese, began to resort thither, particularly to Bengal; and as they might, if refused entrance into our ports, have proceeded to those of the French, Dutch, Danes, or Portuguese, it was but an extension of the same principle of policy, which recommended our admitting the flags of these Powers, to admit also the flags of other countries in amity with us; and the French and Dutch possessions on the Continent having since fallen into our hands, besides an increased foreign resort at our other ports, Calcutta has become the seat of almost the whole export trade of Bengal.

These changes, with the greater security derived from our Government, have indeed increased the number of Foreigners in the trade; for single ships of countries holding no footing of their own in India, now visit its shores, with a confidence and safety which the protection of joint companies and factories could never give in the time of the Moguls. But still these changes are only other forms of exercising rights which existed under the Native Government; and British Merchants, far from suffering

suffering injury by them, find in the transfer of the business of Foreigners to our ports, one of the causes of the elevation, at which they have arrived since our accession to territorial power: for they are the main agents in the transaction of all that business: and instead of being now, in *any* respect, worse, their condition is, in *every* respect, raised: they possess far the greater part of the trade of the Indian Seas; they carry on extensive manufactures in the interior of our provinces; they have in their hands the trade formed by the remittance of British fortunes from India. Many who were in that country, under the discredit of entering into it irregularly, and the suspicion of forwarding an illicit traffic, have been relieved from those depressing circumstances, by receiving licenses of residence, and by the indulgences of the Act of 1793. That Act, besides its other benefits, invested them with a valuable privilege in the trade to England, through the Company's ships, which was a new and very important concession. They now desire to send their own ships, and their own goods to England, without any other material limitation, except that of passing them through the channel of the Company: and this is, in effect, to desire the opening of the trade altogether; for it is not to be imagined, that if such a concession were made in favor of one class of subjects, the rest would not claim it likewise. Nay, the advocates of the Free Merchants already contend, that it is the right of British subjects as such. The Merchants of London, in their application to participate in any intended enlargements, follow up this argument practically; and the question, therefore, thus brought forward, is not merely whether the Company, in its commercial capacity, shall, though remaining a corporate body, be divested of its most valuable exclusive privileges, but whether this country shall carry on its trade to India on the same principle it trades to its American Colonies, and by multiplying communications and intercourses, open the way to the gradual colonization of Europeans in its Eastern Possessions, contrary to the policy hitherto adopted by the Legislature?

Of the wisdom of this policy, there will be occasion to say something hereafter; but it will be proper to note here, why the danger apprehended from the unrestrained intercourse of our own subjects, is not to be dreaded from the permission which Foreigners have to visit the country. *It is because we are the governing Power.* We have already great establishments of Europeans there, civil and military; our flourishing settlements attract multitudes, not in the service; the connexions, public and individual, already subsisting between that country and this, send continually fresh supplies thither; the number of uncovenanted British subjects has very considerably increased there in the last twenty years; new enlargements of the intercourse, it is obvious, would exceedingly augment their number; the vast capital and shipping of this country, with the natural relations subsisting between it and India, all peculiar to itself, could at once pour in tides of men and money there; the sanction of any public Acts at home would, of course, dispose the Governments abroad to afford the commercial encouragements there, which would correspond with the spirit of enlargement adopted here; the public opinion of a great European society, formed in this spirit, would have an influence on the sentiments of those Governments; through the medium of Natives, also, lands might be extensively occupied by Europeans; and the *genius* of this system, without any formed plan, would gradually and insensibly antiquate the present one, and become impatient for all the rights of the British colonists; to give or to refuse which, would then be a most momentous question. With respect to all these points, the circumstances of foreign Europeans are very different. In the territories ruled by us, they have only circumscribed factories; they are not allowed to spread themselves in the country; they can have none of its honors or internal advantages; the numbers, capital, and influence of our own people, keep them from much share in the maritime trade of India; their numbers and their actions are watched with jealousy by our Governments; their capitals are small; they are not one body moved by

by one mind, but detached and fluctuating parties, issuing from nations distant and discordant from each other; they form not themselves into distinct societies, but come, as already observed, chiefly to our ports; and in a word, whilst common care is observed on our part, they can have neither number, nor concert, nor means, nor above all, any *growing principal of strength*, that can become formidable to us.

VIII. The trade of Foreigners to our Indian possessions, is a topic naturally connected with that which has just been discussed. Some late writings, in insisting strongly on the dangerous growth and tendency of that trade (a point which will be examined hereafter) seem to imply, that it should be the policy of this country, as much as possible, to draw the whole commerce of India to its own ports. A proposition of this import, loosely taken up, may lead to very erroneous conclusions. Certainly we ought to observe the nature and progress of the intercourse of Foreigners with our possessions with vigilant attention; but we cannot, without some adequate provocation on their part, in justice, seek to deprive them of the rights they have acquired to a share in the Indian trade; and if we had the power of accomplishing such an object, it would not be our true interest to use that power; for were we to exclude them from the shores of India, it is obvious that, in return, they would prohibit the entrance of the productions of that country into their ports; and thus the trade which we had sought to engross, would, in fact, be lost, both to Britain and to the British Possessions. The true and fair line of policy, with respect to Foreigners, seems to be, to allow them to supply their own wants of Indian commodities, purchasing them with their own funds; but to prevent them, as much as possible, from trading upon British capital; and always to exact from them due order and submission, in the countries belonging to us, where they come to traffic.

With respect to an idea lately advanced, that the Company might, and ought to have attracted the productions of the Indian Possessions, still in the hands of our enemies, into the channel of our own trade to this country, it is so unsupported by fact, probability, or policy, that your Committee deem it unnecessary to go into any serious discussion of it. There appears no reason for believing the assertion on which this idea proceeds, that the trade carried on with Europe, from the Indian settlements in the hands of the French, Dutch, and Spaniards, has increased during the war, and has been nourished by the impolicy of the Company. That trade, as every one knows, flourished long before the present times: it flourished in a greater degree than it does now, as it naturally would, when the mother countries were far more commercial than they are at present, and when our fleets did not render the navigation of the world nearly impracticable to our enemies. No conceivable measures of commercial policy within the power of the Company, could have farther depressed that trade; and to bring that trade to our ports, had the thing been practicable, would indeed have been to nourish it most unwisely.

Your Committee will next proceed to state what they find respecting the nature and amount of the trade of foreigners with British India, concerning which such alarming representations have been made. And as, in order to judge more intelligently of this article, the extent of the private trade carried on directly between our own country and our Indian possessions should also be known, this, which is separately a necessary head of inquiry, will be introduced at the same time. These together, will furnish, as far as informations go, a view of the whole trade carried on, both by Foreigners and British individuals (that is, excluding the Company's commerce) between British India on one side, and Europe and America on the other; and the view to be thus given will, in the opinion of your Committee, form a very material part of this report.

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The view will not, indeed, be complete, because no authenticated accounts are obtainable of the private and foreign trade, which has been carried on from the presidencies of Madras and Bombay; but in Bengal, on the contrary, a luminous and correct register has of late years been kept, by order of Government, of all the exports and imports of Calcutta, the great emporium of that country, and indeed (excepting the Danish settlement of Serampore, where some business is still done, of which there are also particulars from equal authority) the sole port: and as Bengal, with the adjacent allied provinces, far transcends the other presidencies in population and wealth, in rich productions for commerce, and is the attractive centre of our power in the East, it may be concluded, that an accurate account of its foreign trade will go far to furnish us with all the grounds of reasoning, necessary for political purposes in the present case. In this opinion, your Committee, without resorting to any informations of inferior authority, submit to the Court the following collective views, formed from the public register above-mentioned.

e Trade of the English East-India Company)

being the latest Accounts received.

EXPORTS,—CALCUTTA.

	Total in Four Years.	Medium per Annum.	Balance of each, deducting Imports.
Rs.	2,45,67,473	61,41,868	43,08,444
	31,64,456	7,91,114	5,26,468
	30,55,002	7,63,750	2,67,394
	46,18,772	11,54,693	5,44,326
	97,781	24,445	5,898
	77,24,730	19,31,182	7,37,789
Rs.	4,32,28,214	1,08,07,052	63,90,319
	2,45,67,473	61,41,868	43,08,444
	1,86,60,741	46,65,184	20,81,875
	38,28,000	9,57,000	4,27,200
Rs.	2,24,88,741	56,22,184	25,09,075

Private and tal Exports.	Balance of Exports above Imports.	
	London.	Foreign Parts.
50,90,664	61,35,639	33,86,236
08,41,768	32,96,308	30,89,733
08,55,266	54,37,310	18,97,595
		over imported.
64,40,516	23,64,520	46,067

each of the above Years.

s.

ıd

Total.

150
108
108
64

These accounts will be found on attentive inspection, to afford detailed information of the private and foreign exports and imports, in the whole, and in respect to each of the heads, namely, the ports of London, Foreign Europe, and America, distinguishing their several proportions; also shewing the proportion of imports brought in bullion by each, the excess of the exports to each place above its imports, and the total excess of the exports above the imports; likewise the variations in exports and imports in *each* of the *four* years, which shew their annual *increase* or *decrease*.

From all these particulars the following facts are derived:

The total medium of foreign and private exports of Bengal, per annum, to London direct, is Rs	61,00,000	
To Foreign Europe and America, whether on neutral or clandestine account - -	56,00,000	
		1,17,00,000
If, to this sum of private and foreign exports be added the English East-India Company's, which is about per annum - - - - - -		1,00,00,000
The total exports of Bengal, public and private, will be - - - - - Rupees		2,17,00,000

And it will hence result;

First. That the Company's export trade to Europe is *nearly one-half* of all the foreign exports of Bengal to Britain, Foreign Europe, and America.

Second. That the direct *legal trade* of individuals to London exceeds all the *neutral and clandestine trade* taken together.

Third. That Foreign Europeans and Americans, whether trading on their own account, or covering the clandestine trade of British subjects to their ports, have very little more than *one-fourth* of the foreign export trade of Bengal, the *other three-fourths* centering, as just stated, on public or private account in London.

Fourth. The exports from Bengal, on private and foreign account, to Europe and America, exceed the imports on the same accounts from those places, in the sum of Rupees 68,17,519.

Of this excess, London receives on private account	-	43,08,444
Foreign Europe and America	- - -	25,09,075
	Rupees	68,17,519

These sums, which Bengal pays on the balance to individuals and foreigners, must be presumed to be the acquisitions of British Residents, because the natives neither adventure themselves in foreign trade, nor lend to others for this purpose, to any extent; and resident Foreigners have little property to remit. According to this fair conclusion, therefore, the fortunes remitted by British Residents, in goods, directly to London, on an average of these four years, amount, in round numbers, to Rups 43,00,000

And the fortunes they have either remitted through Foreigners, or lent to them, appear to be, per annum - - - 25,00,000

Fifth.

Fifth. London does not pay a *third* of the amount it receives from Bengal on private account, by the amount it carries thither, the bullion included, in which does not exceed a tenth of what it receives. Foreigners pay to Bengal *above half* of the amount they carry away, and of this half, the *greater part* is bullion; that is, *more than a fourth of their exports* is paid in bullion. London, however, carries *more goods* to Bengal, than all Foreign Europe and America; and it carries more *goods* than *specie*. Foreigners carry more specie than goods.

Sixth. The ancient practice of exporting silver from the West to India, appears of late years to have considerably revived,

The imports into Bengal in the last four years, appear to have been about eighty-nine lacks of rupees, of which seventy-one lacks were from Foreign Europe and America.

Seventh. That in the course of the four years of which the accounts are here exhibited, there has been a *progressive decrease* in the exports from Bengal to Foreign Europe and America. This may be more concisely represented in the following view:

	Imports.			Exports.		
	London.	Europe and America.	Total.	London.	Europe and America.	Total
1795-6	Lacks 22	33	55	84	66	150
1796-7	- 18	26	44	50	57	108
1797-8	- 15	20	35	69	38	108
1798-9	- 17	24	41	41	23	64

Eighth.

Eighth. It will also be seen, from the larger accounts above abstracted, that America, and the foreign ports of Europe, have not maintained the same relative proportion of this trade in each year; but that the proportions of their exports have varied in the following manner:

		1795-6	1796-7	1797-8	1798-9
The American exports were - -	Lacks	19	25	20	11
Which leaves for Foreign Europe	-	47	32	18	12
		66	57	38	23

These well athenticated facts disprove and discredit all the assertions which have been so long and confidently advanced, of the great extent of the *foreign and clandestine trade of India*, and of the *progressive increase* of that trade. Both positions appear to be alike groundless, since of the total exports of Bengal to Europe and America, amounting to Rs. 2,17,00,000, only 56,00,000 go to foreign parts. Of that sum, the really neutral trade appears to be 31,00,000, and the clandestine trade carried on under foreign colours, 25,00,000. This is upon an average of four years, of which the latter years are in amount of exports the least.

That the exports of Bengal to Foreign Europe and America, taken together, have not, on the whole, increased in the last thirty years, there is also reason to believe, from a comparison of its foreign trade at the present and at former periods; and that the clandestine trade has greatly decreased, there is positive evidence, both from the vast increase of remittances, in bills and goods, directly to this country, whilst the standard of British acquisitions in India has had no increase, but rather the contrary; and from the present little amount of that trade.

Thus

Thus the main argument, on which extensive enlargements of the privileges of British individuals have been pressed, namely, the alarming increase of foreign and clandestine trade, completely fails.

IX. Another argument urged to the same end remains now to be considered; the improvement of the productive powers, and the export commerce of our Indian possessions. These objects, the Free Merchants believe, will be promoted by the measures they propose. More than one opinion which has come before your Committee, represents the capabilities of those territories as prodigiously great, and nothing to be wanting for turning them to the happiest purposes, but the removal of restraints. This is a subject that particularly merits attention; for to the interests of our Indian dominions, with which the interests of the sovereign state are now so much united, hardly any thing can be more important, than a proper system of political economy. It may, however, be observed, in proceeding to this head, that the Merchants, in resorting to it, lost sight of the ground, upon which the privilege of sending goods to this country was conceded to them by the Act of 1793, namely, the remittance of British fortunes, and thereby the annihilation of the clandestine trade. They propose now objects of much greater magnitude. In the reasonings used by some of the Free Merchants, it has been said, *that the surplus produce of British India, which the Company's commerce cannot take off, should be left to the industry of other traders.* Such a position may be understood to imply, that the Company wish to prevent the exportation of what they do not themselves require, or that the produce of that country remains on hand for want of sale; and when applied more particularly to infer, that the surplus produce should be brought immediately to Britain, it does not discriminate the *bona fide* foreign trade with India, which ought to be permitted. But as the produce of every country, must, in the course of things, bear a certain proportion or relation to the demand made for

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it, so there appears no reason to doubt, that the productions of British India, fit for the European market, whether raised by its own native stock of capital, or occasionally quickened by importations of bullion from Foreign Europe and America (which is a precarious thing, and quite distinct, in its nature and consequences, from the transfer of private capitals from the sovereign British state to the dependant Asiatic state) have usually had a current vent into one or other of the channels of trade, now open with that country; that hence the alleged difficulties, of conveying goods by the Company's ships, have not prevented the disposal of all the produce which the capital of the country raised.

But if this position were to convey any such idea, as that the Company desired to limit the productions and exports of their possessions to what they themselves can invest, it would be most unjust. The admission of the ships of all friendly nations to their ports, the indulgences given to British subjects before the Act of 1793, the privileges of that Act, and the large importations these subjects have made here since, all serve to confute such a notion. It is the principle of the Company, to give free scope to the internal powers of their territories, in agriculture and manufactures, and a free vent, by exportation, to the commodities thus raised. They therefore, long before the Act of 1793, encouraged the culture of indigo, which from being no article of export, is now produced in such quantity, and of such excellence, as to supply nearly the demands of all Europe. They also gave various encouragements to the culture of sugar, and other articles, new as imports from India into this country. Indigo is become one of the grand staples of the Indian trade, and with sugar, has been the chief cause of the increase in the sale amount of privileged goods for some late years. But the indefinite terms in which the improvement of British India is now urged in some writings, will comprehend principles of a very different kind from that which has just been stated; and a clear understanding

standing on this head, as well as respecting the means which British India possesses for foreign commerce, is become necessary: for the whole of the system by which the commerce and the government of India should be regulated, is involved in this inquiry.

It is sufficiently known, that India, under Asiatic sovereigns, never had any capital of its own, applied to the European commerce. The great body of the people of that country have always been, and still continue, averse to distant and hazardous enterprizes, especially by sea. Their genius and their means have ever mainly turned into the channels of domestic industry, little adventuring even upon coasting voyages. From the remotest times of which we have account, down to our own days, the manufactures of India, fit for the European market, were set on foot by money imported into that country. Since the period of British acquisitions there, this order has been reversed. The tribute of India and the gains of British individuals, have furnished the capital of the exports to Europe, from at least all the territories possessed by this country; but besides that tribute and those gains, there is, at this day, no capital in those territories, applicable to an extension of their exports to Europe: and the vent of European manufactures there is limited by physical and moral causes. If it were practicable for us to take off, and India to supply, ten times the quantity of produce we now receive from it, that country would not increase its consumption of our manufactures in any proportion. After, then, India has paid by her commodities for her limited purchases of European manufactures, there remains with her no other means of an export trade to Europe, but the public and private British funds abovementioned: for those which resident Foreigners may acquire by trade hardly merit any attention. The public funds, or the tribute by which chiefly the Company's commerce is carried on, need not be further noticed, since the inquiry is about enlarging the trading privileges of private Merchants. It is evident, that there are no means of doing this upon any great scale, consonant to the ideas held out of improving our possessions,

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but by capital transferred thither in bullion from this country. The first question, then, to be determined, is, whether it would be good policy thus to employ any large portion of the commercial capital of Great-Britain, either in addition to all that it has already laid out in its plantations and colonies in the American States and in Europe, or by withdrawing such portion from some other branch of trade nearer home, in which it must be now engaged; for it cannot be supposed, that any considerable part of the national stock lies dormant and useless.

It is to be observed, that with regard to old staple articles of import from India, such as piece goods and raw-silk, which are of great value in proportion to their bulk, the present scale of importation into Europe seems nearly equal to the vent for them; and as, from the largeness of that importation, and other causes, the profit on these articles is very moderate, there could be no encouragement, on that score, to increase the importation; nor as the law has left it optional with the Company to permit individuals to trade in piece goods to this country, could the Court be expected to extend the participation they now give to private Merchants in that article, because a great increase in the importation would only make it a losing one to both parties. And indeed the Merchants themselves, in their plans of enlargement, profess to look chiefly to articles new, or lately introduced in the imports from India, most of which are generally bulky, in proportion to their value. These articles are *Indigo*, *Cotton*, *Sugar*, and *Coffee*.

Upon the probability of advantage, from largely speculating in any of those articles, your Committee will beg leave to make some remarks.

Indigo, as has been observed above, is already carried to an extent, that nearly suffices for the consumption of all Europe. The Company after advancing their funds to give a solid establishment to this manufac-

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ture, left the whole trade in it to individuals, for whom it is brought home in the Company's ships, usually at a war freight of only £22. 10s. per ton, which is less than they pay the ship owners; and being comparatively of small bulk for its value, can no great way enhance the occasion for private tonnage. The undertakers in it have actually suffered severely from too rapid an increase in the manufacture and too eager a competition: to push this article, therefore, further at present, by encouraging new adventurers in it, would be unjust to those who are yet hardly emerging from their difficulties; and on the general principles of trade, it would be evidently impolitic: but if, on fair investigation, any further reasonable encouragement shall be found necessary for the culture of this article, or for bringing it to Europe, there can be no difficulty in according it.

The article of *Cotton* is liable to such sudden and great variations in the price, that it is natural the home manufacturers should turn their thoughts occasionally towards India for a supply. At one time, these manufacturers were clamorous with the Company to import the raw material for their use; but the Court of Directors very wisely declined their request. At the same time they manifested the desire, which has always distinguished the liberal principles of the Company, to contribute towards the prosperity of every part of the kingdom, by offering to those manufacturers free permission to send ships to India, to import cotton from thence for their account; but this they declined. The truth is, that in consequence of the astonishingly rapid increase of the demand for cotton goods, there must, at intervals, be a want of the raw material, arising from particular circumstances, chiefly occasioned by the war; but as the produce of the raw material has increased, and is still increasing, in the southern parts of the American States, in the West-Indies, in Brasil, and above all, in Dutch Guyana, now settled by British planters, the cotton of India cannot succeed, the rate of freight being always too

high, except on some very extraordinary occasions. Further, the cotton which has been imported here from the East, is not the produce of British India. A considerable quantity of that cotton is required to give employment to the manufacturers in the Company's provinces, where enough is not raised for the demand; and a large quantity of it, also, is every year sent to China, as a means of providing the Company's investment of teas. In former times, the cotton was imported from Bombay, where it was collected from the various districts in that quarter, to Bengal, to the Coast of Coromandel, and some part of China. At present, and for some years, none has been imported into Bengal from the Bombay side of India by sea; but on a reference to the Bengal Register of Exports, before quoted, your Committee find very large imports into the Company's possessions in Bengal from the upper provinces, which imports, they have reason to believe, may have been produced in those districts that furnish part of the large export of cotton from Bombay: and your Committee are more confirmed in this opinion, from the very advanced price to which they find this article has risen in Bengal. On the other hand, if, from the vast importation of cotton from so many quarters, part of it is again exported, it may deserve consideration, whether we ought thus to minister to the support of foreign manufactures which affect our own. On the whole, therefore, your Committee must submit, whether it would be proper, on the part of the Company, especially with the chance of aiding a foreign rivalship, to encourage the importation here of an article, not the produce of British India, especially when attended with injury to the subjects of the Company, depending upon them for support; and materially interfering with their China trade, which, whether considered as profitable to the Company, or yielding a large revenue to the State, must be regarded as of the first consequence.

Sugar

Sugar is an article which the Company have been at pains to encourage; but the prices here are known to have been variable and precarious; and from the experience hitherto acquired, in a time of war, indeed, when high freights have prevailed, it does not appear to be a commodity which, unless changes are supposed in other parts of the world, and in the duties on home consumption here, promises to produce, on any large scale of importation, a sure or adequate profit. On the finer sorts which the Company have imported they have gained a little, on the coarser there has been a loss; and from the present state of the trade in this article, in the great European market and in India, your Committee do not see the inducements which the Indian Merchants can have to embark largely in it, unless the procuring of freight for their ships be a leading consideration, which is a very distinct object, that has yet no title to the attention of the Court, as will be shewn hereafter.

Coffee. The trade of this commodity has been very great, and not much understood. The coffee imported here from the East is almost wholly the produce of Java; little, if any, from the British dominions. In consequence of the war, the produce of several years had accumulated. The Dutch India Company, therefore, sent ships under the Danish flag for a considerable part; but the larger proportion was brought to Europe, circuitously, by Americans, and of course sold at the Company's sale. In the Appendix will be found a list of the ships, with their cargoes, which were sold by the Company in the preceding season, whereby it will appear, that a very small part, if any, is the produce of British India.

Your Committee have observed, among the articles imported by individuals, that of salt-petre, as forming one of the commodities, without which there cannot well be an assorted cargo. This being both of high

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political importance, and essentially necessary in various manufactures in this country, the supply, should, in no degree, be permitted to individuals. The Company have always taken care to provide for every demand; but if the private traders are allowed to deal in it, as an article which is bulky, and of little value; and they, from the fall of price in Europe, or other causes, should cease to provide the requisite quantity for properly loading their ships; the Company might not only suffer loss in the first instance, but the Public be materially disappointed.

X. Your Committee having made these specific remarks on the principal articles, which, it is understood, would supply the new enlargements proposed in the Indian Trade, will beg leave to proceed to some further observations, which have relation to the influence those enlargements, though they should be far short of what sanguine speculation has conceived, may have on the investment of the Company. And first, with respect to the supply of funds. From the heavy expenses incurred by the Company in the course of the present war, there remains, in effect, at present, little or no surplus revenue, to aid the provision of investment; therefore the requisite funds must be furnished by the proceeds of the exports from this country, and by money received for bills on the Court of Directors. Those exports, it is sufficiently known, supply but a small proportion of the advance which the investment demands; especially at the present juncture, when bullion is not procurable at any price, and a bar is put to the exportation of copper, beyond a small limited quantity. On the money, therefore, of individuals abroad, in exchange for bills on the Court, the Company must depend for the provision of the greatest part of the investment; and when it is considered, that the fortunes of most of those individuals have been accumulated from the very ample allowances granted by the Company, and that every fortune has been acquired under their protection, it cannot be deemed an unreasonable hope, that they should have a preference over persons, who now come forward

as rivals to that very body, whose protection and fostering care has enabled them to become what they are. It is from their competition for money, that the Company's difficulties to borrow, in time of war, and the rate of interest on their loans, have been aggravated. The higher terms, on the other hand, which the Company have thus been obliged to give, have raised the price of money to individuals, who complained hereof in their turn; but surely, if the preference commercially due to the Company were out of question, the safety of the whole, which is intimately connected with the Company's ability to raise supplies for the exigencies of necessary war, has a better right to be considered, than the conveniency of a part.

Secondly, with respect to the freedom and extent of the Company's purchases. It seems to be an idea entertained by some, that the excessive freight and charges of the Company's commerce, incapacitate them from attempting any profitable speculations on mercantile principles, especially where competition is to be encountered; that they lose on various articles of the Indian trade, and that their main use, in a commercial view, is to serve as the channel of the Eastern tribute; and therefore, that all new attempts will be best conducted by the enterprize and economy of individuals. These ideas go to deprive the Company of all commercial freedom, and may even be extended to a formal partition of the Indian trade; the old staples to be left to the Company, and the new articles to private merchants: but your Committee feel themselves warranted to maintain, that the Company ship their goods in India at a less aggregate of cost and charges than individuals do, and realize the proceeds here at a less expense, saving only in the article of freight on the regular ships, which may be reduced, with respect to coarse articles, by hiring ships of inferior equipment; and though, amidst the fluctuations of war, the Company may occasionally lose by some articles, there are various reasons why they should not immediately strike such articles out of their investment; and it will still

be true, that by their resources and numerous establishments, they have great advantages over private persons, in all attempts, either to introduce new articles, or extend the provision of them; for they have only to avail themselves of institutions, already existing, whereas private merchants must for these ends, in many cases, form new establishments. It is without sufficient foundation, therefore, that the superior capabilities of individuals for striking out new branches of trade have been insisted on; and whilst so many arguments have been industriously used, to obtain new privileges for private traders, that there has been such a tendency shewn to reduce the Company to a mere routine of bringing home the tribute in a few old staples, it is fit they should possess full as much freedom as private merchants have, in managing and ordering their commercial affairs, to the extent of the funds and the credit which they may fairly apply to commercial purposes, without increasing the present high scale of Indian debt. And if it should be occasionally found expedient for them, either with a view of profit, which in particular junctures may accrue, or to furnish a saving tonnage for their ships, to make an extraordinary provision of new articles, it will not only be their duty to do so, but they may do it with greater advantage than individuals can; for if there be any new methods, by which they can increase their commercial gains, the vast expenses incurred in warlike operations, require they should be adopted; and at a time when the Company have straitened themselves in achieving conquests, highly beneficial to the Nation, they have least reason to conclude, that they shall be expected to make any undue sacrifices of their privileges.

Thirdly, with regard to the competition which a great enlargement of private-trade may occasion in the Indian commerce. That the law of every market should be a free permission to those who enter into it to buy and sell, need not be disputed; but it is a question not of commercial principle, but of the policy of states, whether their subjects shall be encouraged to enter into competition with each other, at any particular foreign market.

market. There can be no doubt, that a great increase of demand and of purchases in India would enhance the cost of commodities there; and that a like increase in the quantities sold here, though this mart should be the largest, would, on the whole, lower the proceeds. The consequence from both branches of competition, would, therefore, be evident and direct disadvantage to this country, and disadvantage not to be compensated, in this case, by the extent of the trade.

Upon the whole, then, of this part of the subject, there is not, in the opinion of your Committee, such a rational certainty of mercantile profit to individuals, from largely increasing the importation of these new articles (for the hope of profit by freight is not an admitted plea) as ought to induce them to embark in such speculations, in the face of a strong rivalship to most of the articles from the produce of other countries: and where there is little appearance of benefit, the inconveniences of disturbing the established order of things should not be encountered.

XI. But the grand objection, of a commercial nature, to this new trade is, that a considerable capital must be transferred from Great Britain to carry it on. In one of the papers from Bengal it is hypothetically stated, that in a few years the export of sugar from that country might be raised to 100,000 tons. Doubtless, in a vast extent of fertile soil, stretching from the sea almost to Delhi, it may be possible to carry the culture of sugar, and various other articles, to very great length; and persons unacquainted with the circumstances of that country might imagine, from reading such a statement, that the main thing to be done was only to open the doors wide enough for exportation. The fact, however, is, that four or five millions sterling from this country must be furnished, to pay for the first cost, and the transportation of that quantity of sugar; for Bengal has no such fund of its own, applicable to any purpose of that kind;

kind; and the same observation must be applied to any large extension of other new articles.

The first point to be decided here, therefore, is, Whether the Nation ought to embark its capital in such a trade? This is a question of commercial policy, interesting to the Public, who ought to know the concern they have in it; and a question on which it belongs to the Legislature to determine. If there are reasons for withdrawing part of the capital employed in raising produce in some other dependencies of the Empire, and for encouraging preferably the productions of India, these reasons, doubtless, ought to be heard; but this new business should not be plunged into, without examining and understanding its nature and consequences; and in the opinion of your Committee, unless there are some special motives for the preference just mentioned, or unless where some imperious exigency arises, it would be utterly impolitic to transplant much of the capital of Great-Britain, to carry on the agriculture and manufactures of that remote region.

XII. But your Committee must believe, that the proposed enlargements would involve a consequence still more serious, on which they have already touched, in considering the claim of British subjects to a like freedom with Foreigners in the Indian trade. This claim is, in other words, the present question. If, instead of carrying on the intercourse, commercial and political, of this country and its Indian dependencies through one great channel, the East-India Company, which has so much contributed to preserve a vast people in their original habits of submission, the ships of British individuals were permitted to go and come at pleasure, a great change in the political circumstances of British India must, from the nature of things be expected. Hitherto the want of an unexpensive legal channel to India, and the difficulties of getting into employment in our dominions (for native Governments invite only desperate military adventurers)

turers) have prevented a great influx of British subjects into them, though foreign ships have been open to those who could afford to pay them, and our Governments have chosen rather to license persons who had found means to settle themselves there, than to force them from all their concerns. But the proposed system would, at once, confer both right and employment on multitudes; and it is from an institution communicating these encouragements, that, in the opinion of your Committee, danger is to be apprehended. The residence of a limited number of Europeans in our provinces, as things at present are, is not a ground of any alarm, provided that number can be kept from increasing; but in the proposed system, there would be a principle of progressive increase, and this, your Committee fear, might justly be considered as the first principle of a colonial system.

A continual course of detached commercial adventurers would entail the residence of greater numbers of Europeans abroad; many others would be tempted to resort thither, in the hope of establishing themselves; gradually, in consequence of these changes, they would be enabled to strike out new modes of employment, and spread themselves in the country. Even now, the society of Merchants in India discover a wish to be emancipated from every material restraint: that spirit would live and be more powerful in the larger society. Governments, then, would find it a new and arduous task, to maintain order and subordination. Every port in India would be accustomed to the visits of adventuring Europeans; connections between them and the Country Powers could hardly be prevented; part might go into the service of those Powers; all could not expect fortunes to return; and those who saw no prospect of this kind, would naturally commence colonization. That the rights and usages of our native subjects might not be encroached upon in this progress, that these people, though passive, might not be at length exasperated, and that they might not, from example, gradually lose their habits of submission to Govern-

ment, no man can be warranted to deny: nor is it less probable, that a vast mass of native subjects, thus put into a new state of agitation, a numerous European community progressively enlarging its views with its importance, and the combinations of India politics influenced by, and influencing these circumstances, might render it extremely difficult for this country to maintain in that remote quarter, a Government sufficiently strong and energetic to contain all these interests within their due bounds.

XIII. For these reasons, the inquiry concerning the principle by which our Indian Possessions may be best preserved, though it appertain to the present subject, need not be a long one. That system cannot be best, which, by the adoption of colonial principles of free ingress and residence, would expose us to all the hazards just described, and through them, to the loss of the Indian Empire. The Legislature has already determined to maintain the dependency of that Empire, not on colonial principles, but through the medium of that body by which it was acquired, the East-India Company, who are therefore constituted the sole national organ for its local government, and its communication with this country. The rights of that Company, who through a long succession of years sustained alone the expenses and perils which ended in the acquisition of territorial dominion, have not been sacrificed to the unfounded claims set up for every British subject as such, to enter into the free enjoyment of what had cost them so much. The advantages of a sure and great commerce, of a large tribute, of a dominion maintained by its own resources, have not been staked, in the following uncertain theories, which could only be tried at the risk of losing what was possessed: and experience, as well as sound reason, demonstrates the wisdom of this system.

XIV. If then, in respect of *facts*, it be true, that the foreign trade of India, either carried on by our Enemies or by Neutral Nations, or clandestinely

destinely under their colours by our own subjects, is not progressively increasing; that Nations in amity with us, and already trading to India, ought to be allowed to continue to trade on their own account, for the supply of their own wants; and that India has no capital within itself, for effecting the great enlargements of its exports now proposed: if it be also true, in respect of *principles*, that it would be impolitic in this country to transplant any considerable portion of its capital to India, for extending the agriculture and manufactures of that distant dependency, and yet more impolitic to open the way for British colonization there; the conclusion resulting from the whole is, that the only object for which the Company, or the Nation, can now justly be called on to make new provisions in favor of individuals, is that of bringing directly into this country the remainder of the trade yet carried on clandestinely by British subjects, with the removal of any inconveniences which now obstruct the ready and easy transportation of the whole trade, which can be carried on by the fortunes of British residents in India, directly to the port of London.

Those individuals, who thriving under the protection of the Company still abet that clandestine trade, certainly act neither worthily nor gratefully; nor do they entitle themselves to new privileges. The Company, however, desirous to secure to the Nation all the trade carried on from India by the capital of British residents, are willing to adopt such measures as depend on them, for bringing directly to the Thames the merchandize which that capital yet conveys, in any form, to foreign ports; but as the comparative rates of duties payable at their ports and in our own, will always be regarded by the proprietors of Indian goods in the direction of their consignments; it seems requisite, in order to secure the object in question, that the duties on the exports of goods from India, or the duties on Indian goods imported into this country, undergo still further modification.

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XV. Your Committe reflecting on the various positions which have of late years been advanced, to impugn either the conduct of the Company or the established system of Indian policy, were induced to take the present occasion, to point out the errors by which those positions, had they still remained uncontradicted, might have misled the public mind.

Of this labour, which they hope will not be unacceptable to the Court, a great part would have been needless, if they had confined themselves to the letter of the 2d April last, from the Right Honorable the President of the Board of Control, which chiefly fixed the attention of the Court in relation to the present subject, as it has been all along first in the consideration of the Committee: for between the opinions which are therein delivered and those they entertained, as well respecting the leading principles of Indian government and commerce, as the conclusions to be formed from them, they found, on the whole, so much agreement, as greatly limited the necessity of particular discussion.

On those leading principles your Committee have reasoned; and the same general views which are presented by the longer investigation into which the motive just assigned has led them, are with brevity and force exhibited in that letter. It infers from the whole two practical propositions; one concerning the object and measure of the privilege to be given to individuals in the trade from India, the other concerning the mode in which that trade should be brought to this country.

The first is substantially the same which your Committee have had in view through the whole of this discussion, and have, they trust, here established, that to bring the fortunes of British Residents, not invested in the bills of the Company, directly through the medium of merchandize into the Thames, should be the main object of the privilege to be conceded

conceded to individuals; and that this privilege ought not, in reason, to extend beyond the total amount of those fortunes, allowance being always made for returns of British manufactures sent from hence, according to the Act of 1793.

The second proposition recommends, that the trade thus constituted shall be permitted to be carried on by Indian ships.

Your Committee are aware of the public motives which dispose Mr. Dundas to make the resources of India serviceable to the naval interests of this country; and are, at the same time, persuaded, that the measure which those motives may have more easily inclined him to favor, he means to be perfectly compatible with his own principle of continuing the Company as the one great national organ for the government and commerce of India.

Your Committee regard those motives with respect; and in as far as the Court can, consistently with the great interests entrusted to them, safely afford the aid of the Company to well-digested views of that kind, the disposition they have ever manifested to benefit the Nation may, in such a case, be expected to appear.

Your Committee are further ready to grant, that if the occasional admission of Indian Ships into this Countty, or an admission continuing solely in the discretion, and changeable at the option of the Company, were the thing here in question, it would be a matter of comparatively small import, in respect to which the indulgences allowed at different times by the Company, in the course of the last seven years, shew, that they can, at fit seasons, exercise with liberality, privileges which still remain entire to them; but after a very mature and anxious consideration of the present subject, your Committee are constrained to state, that

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they regard the admission of Indian ships, or any class of ships, British or foreign, into a formal systematic participation in the commerce and navigation between Britain and India, with most serious apprehension. They consider it as involving a latent principle, that may eventually supersede that very system of regulated intercourse with India, which both Mr. Dundas and the Court are solicitous to preserve. They are of opinion, moreover, that for the ends proposed the measure is unnecessary, and that the Company can themselves provide, as your Committee will hereafter shew, all the shipping which that end requires, free of every fair objection hitherto made to the occupancy of tonnage provided by them. Impressed with these sentiments, the duty imposed on your Committee requires they should declare them; but in doing this, and in proceeding to explain farther the grounds on which they entertain those sentiments, they desire to act in the spirit of men, looking only to a public object, and canvassing a measure proposed in a like spirit.

XVI. A systematic admission of any class of ships into the trade between this country and India, would, in the opinion of your Committee, virtually form a new Society, which having one interest would, in effect, act with much of the spirit and unity of a joint Company, and a Company whose interest would not perfectly coalesce with those of the present one: standing upon a legal foundation, and possessing a privilege enjoyed by none but the East-India Company, it must at once be invested with a certain degree of importance. The principles common to individuals and societies, self preservation and advancement, would naturally lead the members of this body into those views and measures, which would be most likely to give it permanence and power. The continuance of its exertions would not depend, altogether, nor perhaps chiefly, on the gain of the commodities carried to and from India. If commodities brought only prime cost and charges, and yet the ship owners could

could make out a profitable employment for their ships, which is avowed to be a leading motive for the present requisitions of the merchants, it might still be their interest to carry on the trade; and the private commerce, now supported by a remittance capital, would thus owe its enlargement to a shipping interest, though a trade which maintained only the ships engaged in it, would be one of the least beneficial; and if those ships were Indian, the benefit of it to this Country would be indeed small. In bringing to Europe Indian commodities, in which the trade mainly consists, Indian ships would have a clear advantage over others, because the equipment of them could be adjusted with certainty to the number and times of the cargoes procurable, and therefore the comparative probability of the permanence of such a set of ships is the greater.

It would be easy to employ capital belonging to the mother country in building and repairing those ships: thus English Merchants might become parties in the concern, and this would, in a certain degree, be the same, as if British ships were licensed directly from this country. The necessity of employing ships once built is obvious. The channels of trade in Europe, in a time of peace especially, would not be likely to afford space for this new class; the owners must therefore continue, as long as possible, in a line into which they have once entered, even if difficulties should occur in it; and difficulties would be likely to put the adventurers on seeking whatever further indulgences remained to be granted them. To further indulgences the recognized enjoyment of the first privilege would more easily lead; and in this and other views, the probable effects of *usage* deserve to be considered. What is once established obtains authority in the public mind; and new claims may, with less danger of shocking opinions, be raised upon it. From these causes, the exercise of this new privilege would be likely to be durable, and its operation progressive. One certain effect hereof would be to force a trade

from India with a capital not its own. As the numbers concerned in this complex trade of ships and goods increased, so would their power, influence, and connections, in both countries. If inconveniences should be found to result from this institution, great interests, formed under the sanction of it, would plead against a suppression of it; and it seems entirely probable, that as soon as the privilege to Indian ships were thought to have acquired sufficient solidity, if not before, the Merchants of this country would become clamorous for admission into it: nor is it easy to conceive how, after prescription had smoothed the way, and English Merchants were known to have become, though unallowedly, partners in the Indian ships, their claim could be long resisted; for it could never be maintained, that one British subject residing in London might carry on a trade with India, because his ship was built there, whilst another British subject in the same place should be interdicted, because his ship was built in the Thames. And indeed, whenever the trade from India came to be any other than a trade of remittance for the fortunes of British Residents, the reason on which Indian Merchants only were permitted to carry it on would cease. In a commercial view, the systematic introduction of any class of private ships appears, from what has been already said, to be unnecessary. As the true interest of the country does not require that it should transfer capital to India to raise a trade there, so it is sufficiently obvious, that there is in India no great capital which wants to exert itself in the European trade; no such general swell in the tide of Indian commerce as seeks a new channel. Far the greater part of the Europeans there have nothing to do with the export trade, which rests chiefly with the houses of agency, in whose hands much of the remittable property of Europeans centers, by which means they are enabled to enter into great speculations; neither is there any surplus of British property there, which the Company cannot convey in ships furnished by themselves, as cheaply and expeditiously as it could be conveyed by private ships, therefore, to privilege a class of ships for the

trade

trade of individuals, when the scale of that trade does not require it, would be to introduce an innovation, which your Committee cannot but regard as a hazardous one, without any adequate cause. Considering, then, that there is no necessity for the proposed measure; that it would be the genius of the new trade, as of all others, to seek its own enlargement; that so many causes would, probably, concur, to render it permanent and progressive; that, above all, a constant intercourse, by private detached ships, with every part of India, familiarizing European adventurers with that country, Indian sailors with this, would gradually and indefinitely widen the channel of that intercourse, extremely multiply the relations between the two countries, and tend to disturb and shake our government there, to which danger is more likely to arise from our domestic commerce than from the foreign one; considering all these circumstances, your Committee cannot but deprecate the systematic establishment of any class of ships in the trade between India and Britain, as what, in their most serious judgment, would, in its nature and consequences, tend, however the contrary might be meant, to supersede the Company's privileges, and open the way to what all agree ought to be prevented,—the colonization of Europeans in our Indian territories, and the dangers connected with that system.

XVII. Besides these objections, which apply to the measure generally, there is one that lies peculiarly against ships whose voyages commence from India,—that they will usually be manned, in great part, with lascars, or Indian sailors. Men of that race are not, by their physical frame and constitution, fitted for the navigation of cold and boisterous latitudes; their nature and habits are formed to a warm climate, and short and easy voyages performed within the sphere of the periodical winds; they have not strength enough of mind or body, to encounter the hardships and perils to which ships are liable in the long and various navigation between India and Europe, especially in the winter storms of our

Northern Seas; nor have they the courage which can be relied on for steady defence against an enemy. To have any considerable portion of the property and trade of this country, therefore, dependent on the energy of men of this stamp, unless on the coasts of India, where they are less exposed to dangers, cannot be adviseable: yet on the employment of Indian sailors the cheap freight of Indian ships seems materially to turn; for if these ships, rigged and fitted out as they are with stores chiefly brought from Europe, were manned with Europeans, receiving wages far higher, and provisioned at much greater cost than lascars, it does not appear how they could be afforded at a lower rate of freight than British bottoms. But this is not all. The native sailors of India, who are chiefly Mahomedans, are, to the disgrace of our national morals, on their arrival here, led into scenes which soon divest them of the respect and awe they had entertained in India for the European character: they are robbed of their little property, and left to wander, ragged and destitute, in the streets; a sight that, whilst it wounds peculiarly the feelings of men connected with India and the Company, raises both the compassion and indignation of the public; the one in favor of those miserable objects, the other against the Company, as if they had drawn the poor creatures into such a state of suffering, or neglected them in it; when in fact, though individuals bring them home, the Company are at great pains and expense to collect, maintain, and return them! but such are the bad habits they acquire, that they often escape from the houses where the Company have them lodged and provided for, and take to a mendicant state, for the chance of obtaining from the pity of passengers new means of vicious indulgence. From causes of this nature, and from exposure to the severity of our winters, not a few have lost their lives, or become incapable of further service. On the Continent of Europe, and even in America, where some of these lascars are also now carried, they have no protector as here, and their case must be still more deplorable; so that, instead of a larger introduction into the Western World of this feeble race, it is very se-

riously to be wished, that before their numbers are thinned by fatigue, climate, and disease, some means were divised for preventing them from leaving their own seas.

The contemptuous reports which they disseminate on their return, cannot fail to have a very unfavorable influence upon the minds of our Asiatic subjects, whose reverence for our character, which has hitherto contributed to maintain our ascendency in the East (a reverence, in part, inspired by what they have at a distance seen among a comparatively small society, mostly of the better ranks in India) will be gradually exchanged for the most degrading conceptions; and if an indignant apprehension of having hitherto rated us too highly, or respected us too much, should once possess them, the effects of it may prove extremely detrimental.

From the waste of life, and other losses attending the employing of this class of sailors, perhaps it may appear at length necessary to resort to European mariners: these, in such case, will flock in greater numbers to India; and hence it may be expected, that colonization will be accelerated there. Indeed the return of peace might call for this substitution of British seamen, many of whom must then have to seek employment in the merchants' service; and no British heart would wish, that any of the brave men, who had merited so much of their country, should be without bread, whilst the natives of the East brought ships belonging to our own subjects into our ports. Considered therefore in a commercial, physical, moral, and political view, the apparent consequences of admitting these Indian sailors largely into our navigation, form a strong additional objection to the concession of the proposed privilege to any ships manned by them.

XVIII. It

XVIII. It will be proper, in this place, to advert to the reasons, which induced the Company's governments and servants abroad to countenance, and in some instances to recommend, the applications of the Free Merchants in India for leave to send goods here in their own ships. They were chiefly these: to direct to this country, in preference to foreign ports, all the merchandize which could be supposed to be in the disposal of British individuals, and so to prevent the growth of foreign trade; to assist in reducing the freights paid by the Company, immediately before and after the commencement of the present war, for their regular ships, which reduction, it was hoped, would be forwarded by the introduction of a class of cheap ships between India and Europe; to promote the industry and export trade of India, and thereby to augment the sources of its revenue, and to increase the commerce and Government customs of this country.

With regard to these objects, all, doubtless, laudable in themselves, and sought from public motives, it may be observed, that the reduction of the Company's freights has been some time accomplished; that the Court have been, on their part, also desirous to bring all the property of British Residents, invested in goods, directly to our ports; and that the measures now to be proposed, will, in the opinion of your Committee, amply suffice for this end. The other objects of preventing the growth of foreign trade, and promoting the produce of our Indian possessions, have been discussed in this Report, and your Committee have endeavoured to discriminate the true principles on which they should be followed, and the extent to which they should be sought. Into these inquiries the servants abroad do not seem to have felt themselves called to enter deeply and systematically; nor do they appear to have looked forward to all the probable remote effects, commercial and political, of a progressive increase in the trade and intercourse of individuals between India and Britain. They rather seem to have acted on the view of existing circumstances, and

and to have recommended the measures which, under those circumstances, they deemed to be, both for public and for individual interests, beneficial and convenient. But as they did not profess to investigate remote consequences, so they certainly do not appear to have proposed or expected, that the discretion of the Company should be taken away in the admission of Indian ships, or that any class of ships should be invested with a permanent systematic participation in the commerce and navigation between India and Britain: and this, in the opinion of your Committee, is the great point of importance in the whole of the present subject.

If, therefore, the reasons which they have thought themselves obliged to advance against this new principle, should prove satisfactory to the Court, your Committee take the liberty to suggest, that they may be submitted to the judgment and candour of Mr. Dundas, who, your Committee are persuaded, will not, when he sees no imperious necessity, wish for the adoption of any measure which, immediately or in its consequences, shall be found materially to trench on the privileges of the Company.

XIX. Your Committee will now proceed, in the last place, to propose the means by which, in their opinion, all the property of British Residents in India, at any time invested in goods, together with the returns of manufactures sent from hence, may, with every requisite convenience, be brought directly to this country, without any change in the principles of the present system. It may be difficult to ascertain exactly the annual remittable amount of that property; but in the nature of things it must have a moderate limit, and a considerable part of it is sent home in bills upon the Company. From a general retrospective view, carried back for several of the last years, of the goods consigned from India directly to London, whether on account of British Residents or

in return for British manufactures, and of those consignments to foreign ports, which may be supposed to have belonged to British subjects, together with the bills drawn on the Company in the same period, the total aggregate of these different branches will probably be rated fully, if estimated about, or somewhat beyond, a million and a half sterling. Of this amount, £650,000 may have come in bills; and the whole, therefore, of what has of late been sent from India in goods, either to our own or foreign ports, on account of British Residents or British manufactures, on an average of several past years, ending with April 1799, may be taken at a little more than £850,000. per annum; and of this sum about £600,000 comes already into the Thames; the rest, as shewn in a former part of this report, has gone to Foreign Europe and America. To encourage the consignment of this remainder, also, to our own ports, and to provide for the more convenient transportation of what already comes here, is, in reality, as your Committee apprehend, all that is now to be performed: but to remove every ground for complaint in future, your Committee are of opinion, that the Company may, at once, undertake for the conveyance directly to our ports in goods, of the whole remittable property of British Residents in India, and the whole returns of British manufactures, supposing that no part of either should be sent home in bills on the Company, which, however, is at present, and likely to be at all times hereafter, utterly improbable.

For this end, your Committee propose, that the Company shall themselves furnish whatever amount of tonnage shall be wanted for bringing home the private trade, as here described; that they shall supply this tonnage in ships either wholly destined to bring home that private trade, or whether so destined or not, in ships which shall not be applied to political or warlike purposes, but sail from India directly for the Port of London, at fixed periods, and those periods most convenient for the shippers of goods within the fair weather season.

That

That the rate of freight on those ships shall, during the war, be as low as that at which the Indian ships arrived here in the present season are chartered to the Company; and that, in time of peace, the rate shall be proportionably reduced.

That the commodities to be permitted in the private trade, the manner of warehousing and shipping them in India, and receiving and bringing them to the Company's sales here, shall be settled in the spirit of the existing regulations, and with every fair attention to the interest of the private trader.

That a particular class of ships, suitable for this service, shall be built by the Company, to be manned with Europeans, and armed so as to make them equal, in point of defence, to the best of the Indian ships which have come to this country; and until these are built, other proper ships to be supplied.

That if at any time the tonnage provided by the Company for private exports shall not be sufficient, it shall be allowable for the Governments abroad, on the part of the Company, to freight Indian ships, for the conveyance of such goods as cannot be otherwise accommodated; care being taken, that this concession be not strained into an indirect sanction to the ordinary stated employment of those ships, nor as holding forth any expectation of connivance at fictitious pleas for the introduction of them; the sole object of the Company being the ready transportation of private goods, furnished by the capital of British Residents, as beforementioned, and the removal of every pretence for complaint on this score.

That no person shall be permitted to embark in this trade, in any form, who has not the license of the Company to reside in India.

Your Committee trust, that these propositions make full provision for the removal of all the defects and inconveniences hitherto complained of, in respect to the conveyance of private goods; they provide for the certainty of a sufficient quantity of proper tonnage, for a reasonable rate of freight, for the sailing of the ships at the seasons most convenient for the merchants, and for the direct performance of the voyages, without detention or deviation on account of political or military objects.

If these outlines shall be adopted as the basis of the arrangement to be now made, it will then remain to fill them up with such regulations of detail, as shall be found requisite, in order properly to act upon them, of which a few particulars will be found under the head to be presently mentioned.

XX. Your Committee having now, in performance of the duty with which they were charged, brought the task they proposed to themselves to a close, will beg leave to wind up the whole with a set of resolutions, comprehending the principal matters of this Report. These resolutions have been agreed upon and passed by your Committee; and it will afford them great satisfaction, if, by the means here proposed, or any means proceeding on the same general principles, the momentous question which, from its intricacy and extent, has engaged their attention and that of the Court so long, shall be settled once for all.

East-India House,
27th January, 1801.

(*Signed*) HUGH INGLIS,
DAVID SCOTT,
FRANCIS BARING,
STEPHEN LUSHINGTON,
ABRAHAM ROBARTS,
JACOB BOSANQUET,
JOHN ROBERTS,
CHARLES GRANT,
EDWARD PARRY.

MEMORANDUM.

Papers referred to in the First Report of the Special Committee, page 17.

Extracts from the Bengal Correspondence, &c. collected into one large folio; relative to the question of extending the Trade between Great-Britain and India, from 1785 to 1799, containing the following particulars, *viz.*

Sir J. Macpherson's Minute, 9th April, 1785.

Letter from Bengal to the Court, 9th ditto.

Letter from Sir J. Macpherson to ditto, 10th January, 1786.

Extract from Mr. Hastings' State of Bengal, 1786.

Mr. Bebb to the Board of Trade, 22d August and 17th November 1788, and

Minute of Board of Trade thereon.

Mr. Bebb to the Board of Trade, 14th April and 30th November, 1789.

Earl Cornwallis to the Court of Directors, 1st November, 1788.

Letter from the Court to Bengal, 11th March, 1791.

Letter from Bengal to the Court, 15th May, 1795.

Letter from the Court to Bengal, 27th July, 1796.

Proceedings of the Board of Trade, 21st October, 20th December, and 23d December, 1796.

Letter from the Court to Bengal, 17th February, 1797.

Bengal Commercial Consultations, 13th March, 1797.

Bengal Public Consultations, 3d April, 1797.

Public Letter from Bengal, 30th April, 1797.

Commercial Letter from the Court to Bengal, 4th October, 1797.

Proceedings of the Board of Trade, 26th December, 1797.

Proceedings of the Governor General in Council (Commercial Department) 8th May, 1798.

Commercial Letter from the Court to Bengal, 23d May, 1798.

Public ditto. 25th May, 1798.

Proceedings of the Governor General in Council (Commercial Department) 28th May, 16th and 26th July, 1st and 15th October, 1798.

Letter from Bengal (Commercial Department) 31st July, 1798.

Letter from Bombay (Public Department) 7th December, 1798.

Letter from Bengal (Commercial Department) 1st January, 1799.

Proceedings of the Governor General in Council (Commercial Department) 1st and 15th April; 3d, 17th and 28th June, 1799.

Commercial Letter from Bengal, 2d September, 1799.

Letter from the Board of Trade to the Governor General in Council, 26th November, 1799.

Lord Mornington to the Chairman, 29th November, 1799.

Ditto to the Court, 9th March, 1800.

Commercial Letter from Bengal, 18th March, 1800.

Proceedings of the Board of Trade, 1st and 12th November; 10th and 24th December, 1799.

Mr. Buckley to the Board of Trade, 11th and 30th December, 1799.

Letters from the Board of Trade to the Governor General in Council, 7th February and 4th March, 1800.

Arrivals

Arrivals and Departures of foreign ships at Calcutta, for thirteen months.

Mr. Browne's report of the external commerce of Bengal by sea, for four years.

Ditto, of the internal commerce of Bengal for 1796-7.

Extracts relative to the customs levied on the foreign trade in Bengal.

Proceedings of the Marine Committee at Calcutta, 1793, on India ship-building.

A letter from Messrs. William and Horsley Palmer, and other mercantile houses, requesting permission for their own ships to proceed to India, laden as therein-mentioned, read in Court the 2d April, 1800.

A letter from John Prinsep, Esq. to the Chairman, detailing his ideas on the commerce between Britain and India; read in Court the 2d April, 1800.

Enclosures in the Governor General's letter, dated the 30th September, 1800.

Extracts Minutes of Court of the under-mentioned dates, *viz.*

2d April, 1800; ordering the letter from Mr. Prinsep, and the letter from Messrs. William and Horsley Palmer, &c. to lie for consideration.

18th April, 1800; ordering Mr. Dundas's letter of the 2d of that month to lie for consideration.

2d July, 1800; ordering Mr. Dundas's letters of the 2d April and 28th June, to be taken into consideration on the 10th July.

9th, 16th, 23d, and 30th July, 1800; postponing the consideration of those letters.

14th August; appointing the Special Committee.

20th

20th August; referring the letters from Mr. Prinsep, Messrs. Palmers, and others, to the Special Committee.

27th January, 1801; ordering the Special Committee's report, and resolutions, to lie for consideration.

4th February, 1801; approving the report and resolutions.

24th March, 1801; referring Mr. Dundas's letter of the 21st of that month, and the letter from the Governor General, to the Special Committee.

26th March; ordering certain papers to be printed.

2d April; approving the Special Committee's second report, and ordering it to be printed.

MINUTES OF THE COURT OF DIRECTORS

OF THE FOURTH FEBRUARY, 1801,

CONTAINING THE

RESOLUTIONS OF THE SPECIAL COMMITTEE, ADOPTED BY THE COURT.

AT A COURT OF DIRECTORS,

Held on Wednesday the 4th February, 1801.

The Court proceeding to consider further the report from the Special Committee appointed to take into consideration the Letters from the Right Honorable Henry Dundas, of the 2d April and 28th June 1800, and the resolutions founded thereon, which were submitted to the Court on the 27th ultimo;

The report was read, and on the question unanimously approved.

The said resolutions were then read; and the Court approving thereof,

It was, on the question,

First. Resolved Unanimously, That in the opinion of this Court, the system by which the British Possessions in the East are now held and governed,

verned, is the system best adapted to secure to the Nation the benefits, political and commercial, which are derivable from those possessions; and that the establishment of an open trade between them and Great-Britain, would not only be subversive of the rights and privileges of the East-India Company, but without ensuring to this country commercial advantages, equal to those it now enjoys from them, pave the way for European colonization, and ultimately hazard the loss of those invaluable acquisitions.

Second. That it is therefore equally the interest of the Nation, and the duty of the Company, to guard against all principles and measures, which by an indefinite enlargement of the present channel of communication, in their nature tend to the introduction, immediate or gradual, of such an open intercourse, and its probable consequent colonization.

Third. That the East-India Company, far from entertaining the erroneous policy of limiting the industry and trade of their provinces to the demands of their own commerce, have given such encouragement to both, as they never received under the native government; so that the ships of all Nations in amity with this country, have free admission there, and the maritime exports from India, exclusive of those for the Company, are now greater than they were at any former period.

Fourth. That if it were practicable it would not be expedient, to prevent the other European Nations, who, by privilege or concession, now trade with British India, from enjoying such a share of that commerce, as may serve to supply their own consumption of Indian commodities, and at the same time to bring bullion into our Eastern territories.

Fifth. That the regulations established by the Legislature in 1793, with the professed view of extending the exports of this country to India, and bringing directly to it the trade clandestinely carried on by British capital.

capital from India to foreign ports in Europe and America, have not been misapplied, or evaded by the Company; but that the Company have, as far as consisted with the necesary course of their own affairs, political and commercial, given effect to those regulations, though at a considerable expense to themselves; and that all allegations of the growth of the trade of Foreigners with India, and the extension of the clandestine trade from India, by means of any such misapplication on the part of the Company, are unfounded.

Sixth. That, according to the most authentic information which has appeared on the subject of clandestine trade, particularly the public register of exports and imports kept in Bengal, that trade has not, of late years, increased, but rather diminished; and that the amount of the clandestine trade of Bengal, the center of our Eastern power and commerce, whether the said trade has been fed by that part of the capital of British Residents which was not sent directly to this country, or by any other source, cannot, on an average of four years, ending with 1798-9, reasonably be estimated to have exceeded twenty-five lacs of rupees per annum.

Seventh. That from this important fact, as well as from a variety of other evidence, existing in the recent proceedings of the Company's governments abroad, it may safely be concluded, that any increase which has taken place in the course of the war, in the trade of Foreigners with our settlements, is the increase of a trade carried on, *bona fide*, for their own account, and, in a great degree, with specie which they import into India, and pay for the goods they export, and that this is a trade which, in sound policy, ought to be permitted.

Eighth. That the trade carried on with Europe from the Indian settlements of our enemies, the French, Dutch, and Spaniards, which is said to have greatly increased through the late mismanagement of the Com-

pany, flourished, long before the present times, in a greater degree than it does now, and could not have been depressed by any measures within the Company's power; nor would it be a wise policy, under the notion of bringing that trade to our ports, to nourish, as in fact we thus should, the source whence it proceeds.

Ninth. That as it is the wish of the Company to give free scope to the native powers of their Indian subjects in agriculture and manufactures, so it is also their wish to exercise the rights and privileges they possess in the government and commerce of India, not in the narrow spirit of rigid monopoly, but liberally to the benefit of the Nation at large. They thus, before the last renewal of their charter, occasionally permitted the importation of private goods on their ships, and encouraged the culture and importation of several valuable articles, on private account, particularly sugar and indigo, the latter of which has become one of the grand staples of the Indian trade, as both together constitute the chief causes of the increase in the sale amount of privileged goods for some late years. And the Company are still desirous to secure to the Nation all the trade which the capital of British Residents in India yet carries on from that country to Foreign Europe and America.

Tenth. That the only certain considerable capital, which at present exists in British India, for an export trade from that country to Europe, is formed by such part of the savings of British Residents in India, as is not remitted to England by bills of exchange, of one description or another, on the Company, who now provide so amply in this way for the purpose of transferring the fortunes of individuals; and that the amount of such portion of the savings of British Residents, as is not sent home by bills on the Company, can never, in the nature of things, exceed a certain moderate limit, which will probably be estimated largely if taken at half a million sterling per annum. Should, indeed, the natives of British India desire

desire to invest any money, *bona fide*, on their own account, in exports from India to Britain (to which it does not appear that they shew much disposition at present) this may be admitted under proper regulations, as an addition to the capital of Indian export to Europe; and these two sources, with any circulating property possessed by British traders and manufacturers in India, not in the service of the Company, which circulating property, in the whole, after allowing for the part of it that ought to be employed in the coasting trade of India, can hardly be imagined to amount to any considerable sum, supply the whole aggregate of the capital of British India, applicable to an export trade in articles, either new or old, from that country to Europe.

Eleventh. That if to this aggregate capital, which may be termed the present maximum of the native stock of British India for a trade to Europe, it became a practice to add capital belonging to private Residents in Great Britain, and transplanted to India for the purpose of forcing the productions of that country beyond the ability of its own means, this would be the introduction of one of the first principles of the colonial, or West-Indian system; and if it were sanctioned, directly or impliedly, by any public regulation, it would tend greatly to extend the relations and intercourses between those countries and this, as well as to supersede, covertly, if not openly, the prohibition to Europeans not to occupy lands there, which prohibition is already, in a variety of instances, dispensed with; and thus, without any certainty of ultimate commercial benefit to the British Empire at large, a change would be commenced in the present system of Indian policy, which is allowed to be the best for the maintenance of those distant possessions.

Twelfth. That as the produce of every country must, in the course of things, bear a certain proportion or relation to the demand made for it, so there appears no reason to doubt, that the productions of British India,

fit for the European market, whether raised by its own native stock of capital, as above described, or occasionally quickened by importations of bullion from foreign Europe and America, have usually had a current vent into one or other of the channels of trade now open with that country; that hence the alleged difficulties of conveying goods by the Company's ships have not prevented the disposal of all the produce which the capital of the country raised, and therefore the plea so often urged by persons interested in the private trade, that the Company should permit the *surplus produce of the country to be exported*, proceeds upon loose erroneous implications, because when used in these general terms, it seems to convey what is not the fact, either that the Company wish to prevent the exportation of what they do not themselves require, or that the produce of the country remains on hand for want of sale; and when applied, more particularly, to infer that the surplus produce should be brought immediately to Britain, it does not discriminate the *bona fide* foreign trade to India which ought to be permitted.

Thirteenth. That as from an early period of the Company's territorial administration, the acquisitions of British subjects in India have, in a greater or less degree, unhappily supported the trade of foreign Europe from the East, and notwithstanding the means which the Company have used, by opening channels for the remittance of private fortunes, both in bills and in goods, directly to this country, that medium of conveyance through foreigners, appears to be, in some measure, still employed; this Court, following the principles before laid down, agree in opinion with the Right Hon. Henry Dundas, as to the expediency of affording to British Residents, who may chuse to convey their property to Europe in goods, whatever means, in addition to those already subsisting, may be fairly sufficient to induce them to consign those goods immediately to the mother country. And though the Court consider the fortunes of British individuals not remitted by bills on the Company (in which a very large sum

sum is sent home annually) together with such consignments as European manufacturers and the Natives of India may furnish from their own stock, to constitute the total capital of British India, at present applicable to a trade with Europe (that is, of capital originating in India, contradistinguished from capital transferred thither from Europe) yet being of opinion, that to remove all colour for complaint on this score, the Company may afford ample means for conveying in goods, even the total remittable property of British Residents, they offer the following propositions for bringing accordingly the whole trade formed by that aggregate capital, as well as the consignments of European manufactures, directly to the port of London.

1. That in addition to the quantity of three thousand tons of shipping, now annually allotted to the exports of individuals from India, three, four, or five thousand tons more, or as much as may be wanted, shall be assigned.

2. That the shipping to be thus annually employed shall be wholly applied to the use of private traders, and shall neither be destined nor detained, for political or warlike services, in India, but sail from thence directly for the port of London, at fixed periods, within the fair weather season.

3. That the rate of freight from India on those ships shall, during war, be as low as that at which the Indian ships, arrived here in the present season, are chartered to the Company; and in time of peace, the rate of freight shall be proportionably reduced.

4. That all commodities of the *produce of the Continent, or of the British territories in India*, shall be permitted to be laden on those

those ships; excepting only piece goods, raw-silk, and saltpetre, which shall not be laden, unless by special license from the Company, or their Governments abroad.

5. That the goods to be exported on private account, be, as now, received into the Company's warehouses in India; and that the same care be taken in assorting them into cargoes, in due proportions of light and heavy goods, according to the deliveries into the warehouses, as is observed in forming the Company's own cargoes.

6. That these goods shall be brought to the Company's warehouses in London, and thence to their sales, in the regular order, subject to the charge of 3 per cent., now allowed to the Company, for landing, warehousing, and selling private goods.

7. That the ships to be employed in this service shall be built for the purpose by the Company, and shall be of the description best calculated for the proposed trade. In the opinion of this Court, they may be of the burthen of five hundred tons builder's measurement, or thereabout, and equipped on what is called the dismantled plan; but be manned with Europeans, and armed so as to make them equal, in point of safety and defence, to the best of the Indian ships which have come to this country. The size and equipment, however, of these ships, may be more minutely considered hereafter; and until they are built, other stout and proper ships, or the regular ships of the Company, as far as they shall be wanted, shall be employed in this service, on the terms before-mentioned.

8. That

8. That when the private goods provided for exportation from India, shall not serve to fill all the ships sent out for them, the Company shall put gruff goods into those ships on their own account.

9. That if, at any time, the tonnage provided by the Company for private exports, should not be sufficient for all the goods prepared for exportation, it shall be allowable for the Governments abroad, on the part of the Company, to freight Indian ships, for the conveyance of such goods as cannot be otherwise accommodated; care being taken, that this concession be not strained beyond its just object, the ready and convenient transportation of private goods, furnished by the capitals of British Residents, or sent as the returns of British manufactures.

10. That no person shall be admitted to embark in this trade, as principal or agent, who is not licensed by the Company to reside in India.

Fourteenth. That although this Court is well convinced of the public views with which the Right Honorable Henry Dundas has countenanced the idea of bringing the produce of India, exported thence on account of British Residents, to this country, on private Indian ships, yet the proposals which have been brought forward by certain descriptions of men, both in India and in England, for the admission of their ships into the trade and navigation between India and Europe, proposals which extend to the establishment of a regular systematic privilege in favour of such ships, appear to this Court, when maturely weighed, and followed into all their operations, to involve principles and effects

 dangerous

dangerous to the interests both of the Company and of the Nation. In the opinion of this Court, the adoption of those proposals would immediately and essentially affect both the system of policy which the Legislature has established, for maintaining the connection and communication between this country and British India, and the chartered privileges of the East-India Company; and the introduction of any practice of this nature, would tend to widen, gradually and indefinitely, the channel of intercourse between India and Britain; to multiply the relations between individuals in the two countries; to pour Europeans of the lower sort into India, and Indian sailors into this country; to lessen, by both these means, the respect for the European character, which has heitherto contributed to maintain our ascendancy in the East; to disturb and shake our Government there; and, in a word, to lead progressively, but surely, to colonization.

With respect to the East-India Company, the introduction of this practice would set up a certain class of persons, with peculiar privileges, who would, in effect, constitute another Company, having a common interest, and that interest very likely to be understood as opposed to the interest of the old Company, and hence to generate disputes and hostilities.

With respect to British subjects in general, new rights would thus be established in favour of a few, to which all might think themselves entitled, which many would endeavour openly or clandestinely to share (envited by the expected profits of freight as well as of trade) and in the end would unavoidably succeed in sharing; all which, this Court fear, would tend, more and more, to throw the communication between the two countries quite open, and to remove that great and effectual medium, the East-India Company, by whom the connection has hitherto been preserved,

preserved, so much to the benefit of both. And in a commercial view, the introduction of a privilege of this kind is unnecessary, since the true interest of this country does not require, that it should transfer capital to India to raise a trade there, since it is sufficiently evident, that there is in India itself no great capital, which wants to exert itself in the European trade: and since, for the conveyance to this country of the property of British Residents invested in merchandize, the Company are willing to make, and this Court now propose ample provision. The object of acquiring profit by the freight of ships, proposed to be thus introduced, instead of being an argument for their admission, is a strong argument against it; because that object would excite the employment of private ships to and from India, independant of any previous occasion for them, for the transportation of goods, and thus force a trade, in which, sooner or later, merchants in Europe would become parties, and such various competition be introduced, as would necessarily tend to antiquate the present system of regulated monopoly, without any assurance of equal advantage and safety to the political, financial, and commercial interests of this country. And for all these reasons this Court cannot but earnestly deprecate the systematic admission of any such privilege, as is now required by the above descriptions of persons.

Fifteenth. That this Court, persuaded the view given in these resolutions of the important subject referred to their consideration, will be justified by the documents that have been before them, some of which, material in themselves, and others only lately arrived from India, they suppose have not yet been perused by the Right Honorable Mr. Dundas; and persuaded, also, that it is the principle of that Right Honorable Gentleman, fairly to maintain the rights and privileges of the East-India Company, as therein consulting the true interest of

the Nation, beg to propose a full discussion of this important subject with Mr. Dundas, in the deliberate manner observed at the late renewal of the Charter, and do accordingly lay before him the judgment of this Court, with all the reasons and authorities on which it is founded.

LETTER

LETTER

FROM THE

RIGHT HONORABLE HENRY DUNDAS

TO THE

CHAIRMAN,

DATED THE 21ST MARCH, 1801.

Wimbledon, 21st March, 1801.

SIR,

I have attentively perused and considered the resolutions which the Court of Directors unanimously came to on the 4th of February last, respecting the Correspondence I have had with them, on the subject of the Private Trade between India and Europe; and it will not be necessary to trouble you with many additional observations on that subject. The resolutions are distinctly and clearly stated, and the proposition in the last of them, expressing a desire for a free and full discussion of this important subject, is perfectly fair and candid, and the Court of Directors may rest assured, that upon this, and every other subject connected with their interests, I shall be ready and happy, in every situation, public or private, to give every aid to their deliberations which they may desire to obtain from me.

Upon the first, second, third, fourth, ninth, tenth, eleventh and twelfth resolutions, I have only to observe, that my opinions entirely accord with the general principles detailed therein.

With regard to the fifth, sixth, seventh and eighth, I only pause in giving any opinion, from not having before me the particular documents and materials, establishing the facts upon which those resolutions are founded.

The thirteenth resolution contains the principles and details of the measure, upon which the Court of Directors are disposed to act; and if the basis upon which the resolution proceeds is admitted to be the best which is applicable to the subject, the details seem aptly devised for the due execution of those principles. But it is upon the principle and basis of the measure which I still have the mortification to find myself in a difference of opinion from those, whose integrity and talents I am equally bound to acknowledge; and this radical difference is the more to be regretted, because the great object of solicitude which both parties entertain, is precisely the same. We are both strenuously maintaining, that the preservation of the monopoly of the East-India Company is essentially requisite for the security of every important interest connected with our Indian Empire; and so deeply am I impressed with the truth of that proposition, I am prepared explicitly to declare, that although the first formation of an East-India Company proceeded upon purely commercial considerations, the magnitude and importance to which the East-India Company has progressively advanced, is now so interwoven with the political interests of the Empire, as to create upon my mind a firm conviction, that the maintenance of the monopoly of the East-India Company is even more important to the political interests of the State, than it is to the commercial interests of the Company.

With this conviction so strongly impressed upon my mind, you will give me credit, when I assure you, that I have reviewed my own opinions with the most jealous attention, and that I have weighed, with the most anxious.

anxious care, the arguments of those who suppose, that the system which I have recommended is likely to produce any inconvenience or danger to the rights, privileges, and exclusive interests of the East-India Company; but it is my misfortune to view the subject in an opposite light. If any thing can endanger that monopoly, it is an unnecessary adherence to points not essential for its existence; and on the other hand, if it is seen and felt by sober, thinking, and wise men, that every facility is given spontaneously by the Company, which can be given consistently with their commercial interests, and the political welfare of the State, that consideration will present an impregnable rampart against any attack, which at any time, either the secret or the avowed enemies of the Company may be disposed to make, against the system of Indian Government now established, in connection with the exclusive charter of the East-India Company.

It was my intention to have entered more at large into a detailed consideration of this view of the subject; but since I began to write, I have received, and carefully perused, the letter of the 30th September last, recently transmitted from the Government General of India: and as that letter has, with clearness and perspicuity, ably detailed, and in my opinion, demonstrated the grounds of those opinions, which I have from time to time taken the liberty of laying before the Court of Directors, upon the subject of Indian trade, I should consider it as an unnecessary waste of time, if I was to trouble you with a repetition of the topics therein stated.

It is scarcely necessary for me to observe, that in all the discussions I have had on this subject with the Court of Directors, I have not been entitled to exercise any authority in the determination of the subject. It is a subject over which the Commissioners for the Affairs of India have no control; and whatever I have stated, or now state, or may hereafter state,

must be received from me in my individual capacity; and therefore if either my reasoning and judgment, or the reasoning of your Government abroad, has not the effect of varying the opinion of the Court of Directors, I trust you will not delay acting upon the principles detailed in the resolutions you have done me the honor to communicate to me; for the worst result that can arise from the discussion is, any further delay in coming to a decision upon it.

I have the honor to be, Sir,

Your most obedient humble servant,

HENRY DUNDAS.

The CHAIRMAN of the East-India Company.

LETTER

FROM THE

GOVERNOR GENERAL TO THE COURT OF DIRECTORS,

DATED

FORT WILLIAM, THE 30th SEPTEMBER, 1800, AND RECEIVED OVER-LAND THE 2D MARCH, 1801.

Fort William, 30th September, 1800.

HONORABLE SIRS,

1. Having deemed it to be my duty to revert, during the present season, to my plan of the 5th of October 1798, for the encouragement of the private-trade between India and the port of London, I now have the honor to submit to your Honorable Court, a view of the urgent considerations which have determined me to adopt this temporary arrangement for the current year; and to add the reasons which induce me to hope, that your Honorable Court will speedily confirm my proceedings, by a permanent system of regulation founded on similar principles.

2. Your orders of the 25th of May 1798, were not received by the Governor General in Council until the 29th of October in that year, when the arrangement for the private tonnage of the season of 1798-9, had already been published, and several ships and cargoes had been already provided, according to the terms of the advertisement of the 5th of October 1798. Under such circumstances, it would neither have

 been

been just nor expedient, to have disturbed that arrangement; but my dispatches in Council of the 1st of March, and my separate letter of the 9th of March 1800, will have apprized your Honorable Court, that I had considered it to be my duty to adhere strictly, in the year 1799-1800, to your orders of the 25th of May 1798, and that, in deference to your authority, I had suspended for the season 1799-1800, the operation of the plan contained in the advertisement of the 5th of October 1798, although my conviction remained unaltered, with regard to the expediency and justice of that plan.

3. I entertained a confident expectation, that I should have received, at an early period of the season, the sanction of your Honorable Court, for reverting to the plan of October 1798, or for adopting some arrangement, equally calculated to facilitate and encourage the private-trade between India and England; and my letter in Council of the 1st March, as well as my separate letter to your Honorable Court, of the 9th of March 1800, will have satisfied you of my disposition to await your final determination on this important subject, and to avoid even a temporary departure, without your direct authority from your orders of the 25th of May 1798.

4. But I have been disappointed in my expectation of receiving an early and seasonable notification of your final commands; and the usual season for exportation from this port to Europe is already opening under such circumstances, as absolutely compel me to adopt a resolution, which my duty and inclination would have induced me to delay.

5. In the dispatch * from the Governor General in Council to your Honorable Court, dated the 13th instant, I had the honor to submit to you

* Not received.

you a statement of the intended distribution in India of the tonnage provided by you, for conveying the Company's investments of Bengal, Fort St. George, and Bombay, and those of Ceylon and Fort Marlborough, to England, in the season of 1800-1.

6. From that statement, your Honorable Court will observe, that the expected amount of the tonnage of 1800-1 is inadequate to the demand in India, and that a large proportion of the gruff goods belonging to the Company at this Presidency, and nearly † the whole of the private goods, for which the Company is bound by law to furnish tonnage, cannot be shipped during the season 1800-1 for England, unless ships built in India shall be employed between this port and that of London.

7. The employment of ships built in India between this port and that of London, is therefore no longer merely a question of expediency, or of liberal commercial policy. The deficiency of the tonnage expected from Europe reduces me to the absolute necessity of providing a large proportion of Indian tonnage for the service of the present season, in order to secure the conveyance of the heavy articles of your investment, and to fulfil your legal obligations. The only question on which I retain the power of exercising a free judgment with relation to this subject, is confined to the mode of obtaining the necessary tonnage for these indispensible purposes.

8. In forming my decision on this question, it was also necessary to consider

† The whole of the private goods of this season must be shipped in Indian shipping, with the exception of a small proportion of light goods, which may be employed to assort the cargoes of the extra ships.

N. B. This and the following notes to this letter (except the note in page 97) are inserted by the Governor General himself in the original.

consider what provision should be made for the conveyance to the port of London of such goods as might be provided during the current season, by private British merchants resident in India, beyond the amount of the statutable tonnage of 3000 tons, and by what regulation the exportation of such goods should be governed. The importance and urgency of both these considerations were greatly enhanced, by the actual state of the foreign trade of this port.

9. The nature of the case appeared to me to limit my decision to an option between the regulation observed in the season 1799-1800 (conformably to the orders of your Honorable Court of the 25th May 1798) and the plan contained in the advertisement published by the Board of Trade, under my orders on the 5th of October 1798.

10. I have carefully compared the principles, objects, policy, and practical operation of both systems; and I have now the honor to lay before your Honorable Court the result of that comparison.

11. The orders of your Honorable Court of the 25th May 1798, were framed with a view of facilitating and encouraging the private trade between India and England. The primary objects of those orders were, to protect the Merchants, not being proprietors of ships, against any undue enhancement of the price of freight by the proprietors of ships, and to prevent persons, being proprietors of ships, and also Merchants, from trading to greater advantage than such Merchants as might not unite both capacities.

12. From the dispatches of the Governor General in Council, dated the 1st March 1800, and from the correspondence to which those dispatches refer, your Honorable Court will have observed, that your order of the 25th May 1798, was considered by the Merchants, for whose benefit

it it was intended, (particularly by the proprietors of heavy goods) to be extremely prejudicial to their interest.

13. Those orders were received with equal dissatisfaction by the proprietors of ships, who manifested the greatest reluctance to let their ships unconditionally to the Company, although the rate of freight allowed for the ships was comparatively high.

14. The same correspondence affords abundant evidence, that the proprietors of ships, and the freighters (possessing no property in ships) considered it to be for their mutual advantage, that they should be left to make their arrangements with each other; both parties appearing equally adverse to the intervention of the Company's agency.

15. Under the plan contained in the advertisement of the 5th October 1798, the proprietors of ships were enabled to make a more perfect assortment of the cargoes, to load their ships in the most advantageous and expeditious manner, to dispatch them at the most favorable periods of the season, and to prevent the loss which (under the plan adopted in conformity to your orders of the 25th of May 1798,) the proprietors of ships sustain, by unavoidable delays in the adjustment of accounts, and in the payment of the freight by the Company in England.

16. The proprietors of ships were enabled, under the plan of October 1798, to afford the freight at a reduced rate, at the same time that they derived a greater profit on that rate, that on the higher rates of freight fixed by the Governor General in Council in 1799-1800, in conformity to your orders of the 25th May 1798.

17. To the Merchant who is not proprietor of a ship, the plan contained in the advertisement of the 5th of October, 1798, affords the most

 important

important advantages: he obtains a considerable reduction in the rate of freight: he is enabled to settle his engagements with the proprietor of the ship, previously to the purchase of goods; to purchase such goods as may be advantageously invested under the existing rates of freight; and to regulate every consignment and draft, according to the quantity of the tonnage engaged, to the period of dispatching the goods from India, and to that of their expected arrival in England.

18. The Merchant is embarrassed, if compelled, under any modification, to depend on the Company for tonnage, for the arrangement of the rates of freight, or for the distribution of the cargo: he can neither be secure of the requisite quantity of tonnage, nor of the time of dispatching his goods from India, nor of the ship on which they may be laden, nor of the mode in which they may be distributed; and his trade is burthened with an expensive rate of freight, which deprives him of all reasonable expectation of profit.

19. The quantity of tonnage (exclusive of the goods sent in the privileges of the commanders and officers of ships) annually occupied by private goods shipped from this Presidency alone, in the several years elapsed subsequent to the act of Parliament in 1793, is stated in the following account:

	Tons.
1794-5 - - -	2,473
1795-6 - - -	5,346
1796-7 - - -	4,659
1797-8 - - -	3,787
1798-9 - - -	6,223
1799-1800 - -	7,748.

20. The

20. The correspondence * of the Board of Trade with the Governor General in Council, on the subject of the provision of tonnage, has been submitted to the consideration of your Honourable Court. The reports of that Board, with the documents annexed to them, afford abundant proof, that a much larger quantity of private goods would have been shipped for England, during the seasons enumerated in the preceding account, (particularly during the year 1799-1800,) if adequate encouragement had been extended to the navigation and commerce of your dominions, in ships built in the ports of India; and if the British Merchants resident in India, had been assured of permanent indulgence to their trade with the port of London.

21. Upon an average of the six years specified in the preceding account, about 5000 tons of private goods from Bengal alone were annually exported to England; the amount, therefore, of the private goods exported from Bengal alone, during that period of time, has exceeded, by 2000 tons annually, the amount of the tonnage allotted by law for all India. It is to be observed, that a considerable portion of the total amount of these 5000 tons was annually furnished by ships built in India.

22. Exclusively of two ships recently engaged and provided with cargoes, to the amount of 1500 tons, the port of Calcutta now contains above 10,000 tons of shipping, built in India, of a description calculated for the conveyance of cargoes to England. This tonnage has already been tendered, and is actually at command for that purpose.

23. From the preceding statement, and from the correspondence of the Governor-General in Council with the Board of Trade, it is evident, that the wise policy which dictated the clauses of the Act of Parliament

* Not received.

passed

passed in 1793, with respect to the trade of private Merchants between India and England, has been to a great degree frustrated, by the insufficiency of the tonnage furnished from England, and by the unavoidable expense and inconvenience attending the terms and manner of its provision.

24. From the quantity of private tonnage now at command in the port of Calcutta, from the state of perfection which the act of shipbuilding has already attained in Bengal (promising a still more rapid progress, and supported by abundant and increasing supplies of timber *) it is certain, that this port will always be able to furnish tonnage, to whatever extent may be required, for conveying to the port of London the trade of the private British Merchants of Bengal.

25. The considerable amount of tonnage occupied by private goods from Bengal in the years 1795-6, 1798-9, and 1799-1800, compared with the amount occupied by goods of a similar description in the years 1794-5, 1796-7, and 1797-8, affords a satisfactory proof, that the permission granted to individuals of providing their own tonnage, was equally favorable to the interest of the proprietors, and to that of the freighters of the ships.

26. This conclusion is not affected by the large quantity of goods shipped in 1799-1800, under the arrangement made in conformity to your orders of the 25th of May 1798; for it is well known, that under a confident expectation of enjoying the continued advantages of the plan of 1798, the Merchants had considerably extended their provision of goods for the European markets. Many from necessity, others from

* Large and thriving plantations of teek have been made in Bengal, and the cultivation of that timber is spreading over the whole province.

motives of respect to the laws, shipped their goods on the tonnage provided by the Government, while others disposed of their goods to the numerous foreign agents then employed in the port of Calcutta.

27. The quantity of private goods shipped for England in 1799-1800, affords, therefore, an incontrovertible proof, of the eagerness and alacrity with which the British Merchants, resident in Bengal, provided goods, with a view to embrace the expected opportunity of conveying their trade to London on terms of advantage; but no argument can justly be drawn from the same circumstance, to prove that the continuance of the regulations adopted in 1799-1800, would afford adequate encouragement to the private trade between India and England.

28. The preceding considerations satisfied me, that the plan of hiring ships on the part of the Company, and of reletting them to the proprietors of ships, leaving the proprietors of ships and the Merchants at liberty to settle the terms of freight, is more advantageous both to the proprietors and freighters of ships, than the arrangement adopted under your orders of the 25th of May, 1798.

29. In your letter of the 25th May, 1798, your Honorable Court appears to have intimated an opinion, that persons uniting the capacities of proprietors and freighters of ships, may trade from Bengal to the port of London, to greater advantage than Merchants possessing no property in ships. It appears to me, that the difference between the actual charge incurred by Merchants, being proprietors of ships, on account of the freight of their goods sent to England in their own ships, and the rate of freight paid by Merchants not being proprietors of ships, cannot be deemed a profit derived by the proprietor of a ship on his goods. No person will employ any part of his capital in the purchase of property in ships, without the prospect of deriving an

adequate profit on the capital so invested. I am satisfied, that it would not be practicable for the proprietors of ships in this port to maintain an effectual combination for the establishment of enhanced rates of freight. Unless such a combination should be maintained, it is to be presumed, that the profits of the proprietors of ships on their capitals invested in ships, will never exceed, on an average, a reasonable advantage on the amount of those capitals, after defraying all the expenses of their ships. This profit must, therefore, be deemed entirely distinct from the profit which the proprietors of ships may derive on their goods conveyed to England in their own ships, and consequently, the proprietors of ships cannot be supposed to possess, in the general course and conduct of their trade, in the purchase, transportation, or sale of their goods, any material advantage over Merchants who are not proprietors of ships.

30. Various additional arguments, involving consequences of a more complicated and comprehensive description, appeared to me to demand, not only that I should recur, without delay, to the plan of the 5th of October 1798, but that I should respectfully represent to your Honorable Court, in the most distinct terms, my decided and conscientious conviction, that the permanent establishment of a systematic intercourse between the ports of India and that of London, regulated by principles similar to those adopted by this Government in October 1798, is become indispensable to the united and inseparable interests of the Company and of the Nation in India.

31. Under the beneficial influence of the British Government in India, combined with the increased demand, both in Europe and in America, for Indian commodities, the produce and manufactures of the British territories in India have increased, to an extent far exceeding the amount which the capital applicable to the purchase of the Company's investment can embrace.

32. The

32. The wise policy, the just pretensions, and the increasing commercial resources and political power of Great-Britain in India, claim for her subjects the largest attainable share in the valuable and extensive commerce of such articles of Indian produce and manufacture, as are necessarily excluded from the Company's investment.

33. A large proportion of this valuable trade is already in the possession of foreign nations; and unless means be immediately adopted for depriving those nations of the undue share which they have obtained in that trade, the most serious consequences are to be apprehended, to the combined interests of the English East-India Company, and of the British Nation.

34. In the letter of the Governor General in Council of the 1st March 1800, I stated to your Honorable Court, that the British Merchants at this Presidency, not having obtained the expected permission to freight their ships to the port of London in the last year, agreeably to the plan adopted in October 1798, goods to a large amount, originally intended for the port of London, had been sold to foreigners in the port of Calcutta, and thus diverted to the channel of the foreign trade. At the same time I transmitted a list of the foreign ships, which either had sailed, or were preparing to sail from the port of Calcutta to Europe and America, in the season 1799-1800.

35. The nature and extent of that trade have since undergone a particular investigation. From the accompanying statements, your Honorable Court will observe, that the trade of America and Portugal with the port of Calcutta alone, in 1799-1800, amounted,

In imports, to - - - - Sicca Rupees 81,81,005
In exports - - - - - - - - - - 71,30,372

being an increase, in 1799-1800, of the trade carried on in ships bearing American

American and Portuguese colours, compared with the average of that trade in the three preceding years :

In imports, of - - - -	Sicca Rupees	63,98,678
In exports - - - - - - - - -		48,92,768

36. On the other hand, the imports of the British subjects in the year 1799-1800, amounted only to Sicca Rupees 47,87,101, and the exports to 67,66,649.

37. Of the trade carried on in foreign bottoms with the other ports in India from Europe and America, I possess no sufficiently accurate information. It is, however, known to be conducted on a very extensive scale.

38. In the present season, the trade conveyed in foreign bottoms, if left unrestrained, promises to increase beyond even the rapid progress of last year. From the accompanying statement, your Honorable Court will observe, that the port of Calcutta, at this early period of the season, contains about 8,500 tons of shipping, under American, Portuguese, and Danish colours.

39. I possess no means of forming an accurate estimate of that proportion of the foreign trade from India to Europe and to America, which is supported by capital actually belonging to the Nations under whose flags the ships are navigated.

40. It appears, however, from the statements prepared by the Reporter of external Commerce, that less than one-fourth of the funds imported by the Americans in 1799-1800, for the purchase of their investments, was brought from America. Of the bullion, £200,000. was imported from London, and the remainder from other parts of Europe, and

and from the island of Madeira. I have not been able to ascertain the proportion of British capital employed in the trade between India and Portugal. Admitting the whole capital employed in the foreign trade with India to belong to the nations under whose flags the ships are navigated, the undue proportion which they have obtained of that trade, to the injury of the British merchants, demands the most serious attention.

41. The trade conveyed in the foreign ships is conducted with all the advantages of a comparatively low rate of freight, of strict economy in the management of the concern, and of voyages and returns of extraordinary expedition and celerity. The voyage from America to Calcutta is frequently performed in less than four months. In the last season, several American ships disposed of their imports, purchased their cargo for exportation, and left the port within twenty-five, and some within twenty days from the date of their arrival.

42. Under all the existing impediments, and under the uncertainty which has hitherto embarrassed the trade of the British Merchant in India, it is impossible that his goods can reach the markets of the Continent of Europe, through the channel of the public sales in England, at so low a price as the goods conveyed directly from India to the same markets in foreign bottoms. The Company's sales in England must necessarily be affected by the quantity of Indian goods passing into the markets of the Continent of Europe, through the channel of the foreign trade; and the profits of the private British Merchant, whose goods are disposed of at the Company's sales, must be proportionably diminished.

43. Although the voyage by which the produce of India is conveyed in foreign ships to Europe may occasionally be circuitous, the superior advantages enumerated in the preceding paragraphs, enable the proprietors of the goods to dispose of them at a lower price, than that for which

the same descriptions of goods can be brought to the continental markets of Europe, if exported from India by British Merchants under the heavy freight, and * other incumbrances, to which their trade is at present subject.

44. It must ever be impracticable, if it were justifiable or politic, by any restrictions or penalties on the trade of the British subjects, to prevent the increasing produce and manufactures of India from being conveyed to the markets in Europe, where a demand for such articles shall exist. Such restrictions tend to throw the trade into the hands of foreign nations, and to enable them to supply the markets of Europe, on terms which must equally affect the Company's sales in England. If the same goods which now pass to the Continent of Europe through foreign hands were brought to the Company's sales in England, the effect on the general price of articles exposed to sale at the Company's warehouses would be less prejudicial, than that now experienced from the sale of those goods in the markets on the Continent of Europe. The Company and the private British Merchants would equally feel the advantage in the improvement of the general sales in England, and the private trade of India would become a fertile source of wealth and strength to the British Nation, instead of contributing to the opulence and aggrandizement of Foreign Powers.

45. The

* The Portuguese Americans pay only one per cent on Indian produce imported and re-exported by the warehousing act lately passed in Great-Britain. Callicoes pay 2½, Muslin 7½ per cent, on the sales, if sold for exportation; all other goods, (excepting cotton, spices, bullion, &c. diamonds, precious-stones, which pay no duties) pay two per cent, exclusive of the convoy duty, payable by the importers. A reduction of these duties in England is absolutely necessary, to complete the system of drawing the private trade of India to the port of London.

45. The interests of the Company and of the British Nation are undivided and inseparable with relation to this important question. Every principle of justice and policy demands the extension of the utmost practicable facility to the British Merchants in India, for the export from India to the Port of London of the largest possible proportion of the manufactures and produce of India, not required for the Company's investment. Such advantageous terms of freight, and such other benefits should be opened to the British Merchants in India, as should not only remove every inducement to conduct the trade through foreign channels, but should enable the British Merchants in India to enter into a competition in the markets of Europe, with Merchants trading in goods of similar produce or manufacture, provided by foreign capital.

46. To Foreigners, the indulgence may safely be extended, of purchasing with their own capital such part of the manufactures or produce of India, calculated for the European or American markets, as may not be embraced by the capital employed in the purchase of the Company's investment, and of the cargoes of the British Merchants resident in India.

47. It is, however, doubtful, whether * Foreign Nations would be able to retain any considerable proportion of the trade from India to

* The Americans obtain Indian goods so much cheaper, by a direct intercourse with India, than they could through the circuitous route of Europe, that they will probably continue to deal largely, even on their own capital with India. It is now the ordinary practice of the Americans, under the last treaty of commerce, to ship cargoes in India for America, to touch at some port in America, and without trans-shipping or unloading the goods in America, to proceed directly to Europe, and to dispose of their Indian cargoes in an European port. This practice is, unquestionably, contrary to the treaty of commerce with America.

to Europe, were the British Merchants in India permitted to avail themselves of their superior means of drawing the whole of the trade to England. Their local knowledge, added to all the advantages necessarily derived from a constant residence on the spot, must always enable them to command a supply of goods, of a better quality, and at a cheaper rate, than Foreign Merchants can obtain. In the conveyance of Indian goods to Europe rests the Foreign Merchant's sole advantage over the British. The superior facility which the Foreign Merchant enjoys, in this respect, gives him so decided a command over the trade, that he is enabled not only to outbid the British Merchant in India, but also to undersell him in the markets of Europe.

48. Were the British Merchants in India permitted to provide their own tonnage, as occasion might require, every reason exists to justify a belief, that they would soon possess themselves of nearly the whole of the private export trade from India to Europe, and would render London the universal mart for the manufactures and produce of Asia.

49. If the capital of the Merchants in India, and the remittance of the fortunes of individuals, should not supply funds sufficient for the conduct of the whole private export trade from India to Europe, no dangerous consequences could result from applying to this branch of commerce, capital drawn directly from the British Empire in Europe.

50. Beneficial consequences of the utmost importance would certainly result to the British Empire in India, from any considerable increase of its active capital, which is known not to bear a just proportion to the productive powers of the country.

51. The

ffect of such an increase of active capital in
ient the produce and manufactures of your
nt of any possible demand. The high rate
ied to mercantile purposes, and the charge of
consequently be diminished in India; while
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bility appears of any injurious consequences
pire in Europe, from an event so advantage-
supposed, that the private trade of India will
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ivate British Merchants, resident within the

source the capital of the private British
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ain would enjoy all the advantages of that
ce of increasing wealth and strength to
tends ultimately to introduce foreign in-
nfluence, and to aggrandize foreign power

unjust and impolitic, to extend any facility
chants in India, by sacrificing or hazard-

ing the Company's rights and privileges, by injuring its commercial interests, by admitting an indiscriminate and unrestrained commercial intercourse between England and India, or by departing from any of the fundamental principles of policy, which now govern the British Establishments in India.

54. It may be urged, that if a considerable proportion of the goods now exported from India to the Continent of Europe by Foreigners, were to be imported into England by the British Merchants in India, under rates of freight more advantageous than those now paid by the Company, the demand for the Company's goods would be reduced, and the value of the Company's goods would be impaired.

55. It has already been observed, that the public sales of East Indian goods in England, must necessarily be affected by the aggregate quantity of those goods sold in the continental markets of Europe; and that the effect on the sales in England would probably be less prejudicial, and could not be more so, if a larger proportion of the goods provided in India for the European markets, should be imported into England, and sold, in the first instance, at the Company's sales.

56. The long establishment of the Company's factories in India, the skill of its servants regularly educated for the conduct of those factories, the habitual confidence of the manufacturers in the good faith and integrity of the Company, have secured to the Company so decided a superiority in the provision of the most valuable articles of piece goods and raw silk; that no private Merchant, by any practicable reduction of freight,

freight, can be enabled to rival the Company in those important articles of its investment.

57. In the first purchase of sugar and other gruff goods, the trade of the private British Merchant has more nearly reached that of the Company; nor will the Company ever be able to trade advantageously in these articles, unless the Government in India shall resort to ships built in India, for the conveyance of such goods. The valuable branches of your investment will, it is supposed, be always conveyed with more advantage in your regular ships.

58. If the British Merchants should be permitted to employ ships built in India under the plan of October 1798, the Company's gruff goods may also be conveyed to England in ships of a similar description, at rates of freight equally advantageous with those paid by the private Merchants.* The Company will therefore derive a considerable benefit in this branch of trade, from encouraging the trade of the private British Merchant in India. At present, neither the Company nor the private British Merchant can rival foreigners in the markets of Europe, in the less valuable articles of Indian produce and manufactures.

59. It is now evident, that the extra tonnage engaged in England by the Company for the service of India, can never be rendered a practicable channel, through which the British private trade of India can contend with foreign adventure. This observation necessarily applies with more force to the regular ships of the Company; although experience has

* The probable saving to the Company in the present season, by the conveyance of their gruff goods in ships built in India, may amount to £20,000.

has proved those ships to be admirably calculated for the conveyance of the Company's valuable investment.

60. The plan contained in the advertisement of the 5th of October, 1798, affords to the British Merchants every necessary facility for the conduct of the private trade from India to England, while the important principles of the trade and government of India are preserved from hazard, and sufficient precautions are provided against all the dangers justly apprehended from an unrestricted commercial intercourse between England and India.

61. The essential object of preventing the resort to India of persons unlicensed by the Company is not affected; the powers of the Government in India over unlicensed persons remain in full vigour and efficiency; no goods or passengers can be received in the private ships, either in India or England, without the sanction of the Company or of its Government; the voyage to England, and the return to India, are required to be performed under the instructions and control of the same authority; and as the proprietors of ships, the commanders and officers, the seamen (mostly natives of India) and all the persons concerned in the immediate conduct of the trade, are subject to the authority of the British Government in India, it is always in the power of the Company and of its Government to prevent the perversion of an intercourse thus regulated between India and England, to any sinister purposes endangering the rights and privileges of the Company, or the interests of the British Empire.

62. Omitting the difference in the rate of freight, these considerations alone are sufficient to recommend the employment of ships built in India, in the private trade between India and Great Britain: over private ships furnished from England, the Company and their Government in India could not exercise an equally efficient control.

63. It

63. It is remarkable, that the principle which has hitherto regulated the commercial intercourse between India and England, has actually occasioned the very evils which it was intended to avert.

64. The operation of this erroneous principle has forced the trade between India and Europe from a channel in which it could have been controled and regulated without difficulty, into the hands of foreign nations, where it cannot, without considerable difficulty, be subjected to any degree of control, regulation, or restraint. The same mistaken policy has filled the ports of India with the ships of foreign nations; has enabled those nations to rival the Company, both in Europe and in India, in many articles of its export and import trade; has invited from Europe and America, adventurers of every description; and, by the number and activity of these foreign agents, has menaced the foundations of your commercial and political interests throughout every part of Asia, and even within your own dominions.

65. If the extension of additional indulgences to the British Merchants necessarily involved the admission of numerous British adventurers into India, the wisdom of your Honorable Court could not fail to remark, that your Government can always with less difficulty control the operations of British than those of foreign agents; while the danger to be apprehended from the views and designs of foreigners of every description, must ever be greater than any which can probably arise from an increased resort of British subjects, under such limitations and restraints as your wisdom may frame, and the vigilance of your Governments in India may be enabled to enforce.

66. But it does not appear probable, that any increase of the private British trade of India would necessarily produce a proportional augmentation in the number of British agents resorting to your dominions: the

British Merchants now resident in India, being equal to the conduct of much more extensive concerns, and likely to be employed by persons engaged in commercial concerns at home, who might easily conduct their operations with India through those British subjects actually established within your dominions.

67. On the other hand, foreigners generally deal directly with the natives, or with foreign houses of agency. The number of these houses (in consequence of the war) is now inconsiderable; the increase of foreign adventures will, therefore, be a necessary consequence of any considerable increase of the trade in foreign hands. Foreign ships, also, being necessarily exempt from the control of the British Government in Europe, offer to every emissary of the enemy, and to every dangerous political adventurer, an easy entrance into India. In proportion to the increased resort of foreign ships to our ports in India, foreign intrigue will find a more ready channel of admission. It is a well known fact, that those to whom your permission and license to visit India have been refused, usually resort to foreign ships, and thus evade your authority. The same channel is also always open to afford refuge, and the means of escape, to every public defaulter and delinquent, from the authority of your Government in India.

68. It is impossible to check the resort of the ships of foreign nations to India by any other regulation, than by rendering the trade unprofitable to foreign adventure: this effect cannot be accomplished, otherwise than by enabling the British Merchants in India to undersell foreigners in the markets of Europe. A system which, under due regulation, shall afford to the British Merchants in India the greatest practicable facility of conveying their trade to England, instead of endangering the stability of the trade, and power of the Company and of the Nation in India, will

therefore

therefore constitute the most solid basis of security for the preservation of both.

69. The preceding observations, may, I trust, satisfy your Honorable Court, that the principles of the plan of the 5th of October 1798, combine the requisite indulgence to the private-trade, with the indispensable precautions necessary for securing your interests in India.

70. It is not my duty to enter into any detailed discussion of the objections urged by the ship-builders in England, against the admission of ships built in India, to a participation in the trade from India to the port of London. It may not, however, be useless, to add some remarks on this part of the subject.

71. Experience having proved, that tonnage cannot be furnished from England on terms which would enable the British Merchants in India to rival Foreigners in the trade between India and Europe, the exclusion of ships built in India from the port of London, would not increase the number of British ships hitherto engaged in the Indian trade, in any proportion which could materially benefit the ship-builders in England. This measure, therefore, without any proportional benefit to the ship-builders in England, would perpetuate and aggravate the evils now experienced, from the restraints imposed on the private-trade between India and England; on the other hand, by admitting ships built in India to partake of the trade to England, the ship-builders, and other artists, manufacturers, and traders in England, will reap all the benefits arising from the large sums expended in the repair of the numerous ships, annually resorting to England from the ports of India. Other interests, connected with the building of ships in England, will also derive the profit resulting from the great demand for the articles necessary in the construction and outfit of the ships built in the ports of India; the fact

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being established, that many of those articles must necessarily be brought from England.

72. On their return to India, these ships, from the moderation of their rates of freight, will afford a most advantageous mode of conveyance, for such of the manufactures of the British empire in Europe, as may be demanded in India; consequently, the facilities granted to the private-trade, and to the ships built in India, will serve to encourage the exportation of British manufactures to Asia, to whatever extent the demand may be enlarged.

73. I have thus carefully revised the plan contained in the advertisement of October 1798, for the encouragement of the trade of the British Merchants resident in India with England: I have compared that plan with the arrangement adopted under the orders of your Honorable Court, of the 25th of May 1798: I have considered the probable effects of any future attempt to provide for the conveyance of the private trade of India, to the port of London, either in the Company's regular ships, or in extra ships hired in England; and I have adverted to the comparative practical operation of the systems adopted by this Government, in the years 1798-9 and 1799-1800, as it appears on the accounts of the exports and imports of the port of Calcutta in each of those years. I have also submitted to your examination, a combined view of the motives which induced me to revert to the plan of October 1798, for the present season; and to form an anxious expectation, that my conduct in this proceeding may meet with your approbation and countenance, and may become the foundation of an improved and durable system of intercourse between India and England, under the sanction of your authority.

74. The rapid growth of the foreign trade, during the last season, urgently demanded the immediate interference of your Government on the

the spot: The number of foreign ships actually in the port of Calcutta; the alacrity, enterprise, and skill of the foreign agents, now assiduously employed in providing cargoes, and the necessary inaction and languor of the British private-trade, embarrassed by the restraints of the existing law, created a serious apprehension in my mind, that any further delay in the decision of this momentous question, might occasion evils, of which the remedy might hereafter become considerably difficult, if not absolutely impracticable. The unrestrained progress of the foreign trade in the present season, added to its great increase during the last, might have established its predominance over the private trade of British subjects, to an extent which no future regulation might have proved sufficient to limit or restrain. The difficulty of diverting this lucrative commerce from the channel into which it had been forced, would naturally be aggravated, in proportion to the length of time during which the trade should continue to flow in that course.

75. Under these serious impressions, and convinced that a prompt decision was demanded, with a degree of exigency equal to the importance of the question at issue, I directed the accompanying notice to be published at Fort William, on the 19th instant; and I ordered the Governments of Fort St. George and Bombay to publish correspondent advertisements at those Presidencies, with such modifications as local circumstances may render indispensably necessary.

76. It will rest with your Honorable Court to determine whether this plan shall be rendered permanent. A temporary restraint is now applied to the progress of the foreign trade in India during the present season; and a temporary encouragement is granted, for the same period of time, to that of British subjects resident within your dominions. Ample time is thus afforded for the deliberate formation of your final judgment; the result of which I shall await with a respectful, but confident

 hope,

hope, that your wisdom may approve and perpetuate the policy which dictated my orders of the 5th of October 1798, and of the 19th of September 1800; and that your liberality may confirm to all the interests affected by this important measure, the lasting enjoyment of those commercial and political advantages, which it has been my constant endeavour, under your countenance and favor, to cultivate, to improve, and to extend.

I have the honor to be, Honorable Sirs,

With the greatest respect,

Your most obedient and faithful servant,

WELLESLEY.

The Honorable Court of Directors.

SECOND REPORT

OF THE

SPECIAL COMMITTEE,

Appointed to take into Consideration the Letters from the Right Honorable HENRY DUNDAS.

Your Committee have considered, with due attention, the two Letters, on which the Court were pleased, by their reference of the 24th instant, to require the opinion of your Committee, namely;

One from the Right Honorable Henry Dundas to the Chairman, dated the 21st March 1801; and

Another from Marquis Wellesley, Governor-General of Bengal, to the Court of Directors, dated the 30th September 1800;

Both on the important question of enlarging the trade of British subjects between India and this Country.

The first of these letters is an answer to the Report of your Committee, dated the 27th of January last, which the Court submitted to the consideration of Mr. Dundas.

In that Report, your Committee endeavoured to take a comprehensive view of the nature, the grounds, the consequences of the enlarge-

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ment which has been contended for, of the extent to which it might be safe and expedient to carry it, and of the limits which, not merely the rights of the Company, but with more commanding energy, the interests of the Empire, require to be prescribed to it.

Upon a subject so momentous, your Committee could not but attend, with solicitude, to the opinion of so high an authority as Mr. Dundas; and it is, in the first place, with sincere satisfaction, that they see from him, a declaration so well becoming his candour, that the discussion which has been maintained between him and the Court of Directors, on the subject in question, has not been a controversy about the respective powers of the Department of Control and of the Company, but rather an argumentative enquiry into the measures, which the present situation and claims of the private-trade between India and Europe, rendered it proper for the Court to adopt. As he intended to argue, not less for the interest of the Company than of the Nation, in which your Committee trust the Court have imitated him, by viewing the public good equally with that of their Constituents, so he explicitly affirms, that this is a subject over which the Commissioners for the Affairs of India have no control; and it is, therefore, his conclusion, that if the Court of Directors are not convinced, by the reasonings opposed by him and others to the opinion they have formed, it remains only that they immediately act upon that opinion. This instance of correct regard to the rights of the Company, your Committee hope, may hereafter be instructive to those who, dissatisfied with the exercise of the Company's commercial powers, might naturally be disposed to presume upon their uncertainty or inefficiency.

Your Committee also cannot but testify the pleasure they receive, from finding all the great principles asserted in their resolutions of the 27th of January last, as the fittest for the government and preservation of

of British India, strenuously professed by Mr. Dundas; particularly that the administration of our Indian Empire, and the intercourse between it and this Country, should be maintained by the great national organ, the East-India Company; that the colonization of Europeans in British India, and all measures leading to it, should be prevented; that the transfer of capital from Great-Britain to the East, in the manner capital has been sent to our American colonies, in order to raise produce there, would be the introduction of one of the first principles of the colonial system; and that the *bonâ fide* trade of Foreigners with our Indian settlements, should, under due regulations, be permitted.

On the views exhibited in the same Report, of the actual state of the trade of Foreigners and British Residents in India, and of the conduct of the Company in respect to the latter, Mr. Dundas only pauses in giving any opinion, because he has not before him the documents and materials on which those views were founded.

In a word, none of the principles or facts, advanced in the Report of your Committee of the 27th January, is controverted by Mr. Dundas. He differs from your Committee only in a single point, respecting the application of those principles, in a point of practice; but that, to be sure, a point of very great moment; Whether the systematic establishment of any class of private ships, in the commerce and navigation between Great-Britain and India would trench upon those principles, would tend to introduce European colonization in India, and finally endanger the system by which that country is now held to this? Being still an advocate for the stated admission of Indian ships into that commerce and navigation, he is of course persuaded, that none of the consequences now mentioned, and before more fully stated, would follow from it.

Your Committee have given, in their former Report, their reasons at large, for very strongly apprehending that such consequences would ensue. Those reasons have not been particularly examined, and they remain unrefuted; nor has any other matter come under the notice of your Committee, which at all affects the conclusion they, after mature deliberation, deduced from them.

Hence your Committee are unable to alter the opinion they have already delivered to the Court. In this momentous case, they conceive that the probability only of great danger is a sufficient objection to the proposed innovations; and that, in order to render those innovations admissible, it ought to be satisfactorily shewn, that no such danger is at all probable.

Mr. Dundas has referred to the letter of the Governor-General of the 30th September last, as ably detailing and demonstrating the grounds of those opinions, which he has stated to the Court on the subject of the Indian trade. Your Committee have thus had an additional motive for perusing with care, a document which the order of Court, as well as the authority from which it comes, pointed out to their particular attention; and this attention they have bestowed upon it. Its professed design is, first, to give a view of the urgent considerations which have determined the Governor-General to revert, in the way of temporary arrangement, to his plan of October 1798, " for the encouragement of the " private-trade between India and London," rather than to follow the Court's order on that subject, of May 1798; and secondly, to state the reasons which induce him to hope, that the Court will speedily confirm his proceedings, by a " *permanent system of regulation*, founded on similar principles."

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The Court's order of the 5th May 1798, which the Governor General treats as a system, and under that notion of it, considers "its principles, objects, policy, and practical operation," was merely incidental and occasional, arising from a particular fact which came before the Court.

The Bengal Government had, in the year 1797, allowed two country ships to come to London, laden *on account of the owners*. The Court were of opinion, that if the privilege of sending home private ships with cargoes were at all conceded, it ought to have a general operation; that those who possess ships should not be entitled to load them entirely with their own goods, to the exclusion of other exporters, who had merchandize but not ships: they therefore directed, that when the Bengal Government should grant permission to export goods on country vessels, those vessels should be hired by the Company, and freight on them given to all qualified persons applying for it.

This was merely a temporary proviso, looking to one object,—the equal participation among all the merchants, in opposition to a monopoly by a few of greater capitals, who were ship owners, of whatever privilege of private exportation, beyond the statute tonnage, might, at any time, be conceded. It must be well understood, that the Court, in giving that temporary order upon a single point, did not mean it as any decision on the whole of this great subject of enlarging the private trade, but looked forward to a general discussion and adjustment of that subject, which the agitations of it, then commenced, were rendering unavoidable.

Before this order of the Court reached Bengal, the Governor-General, on the 5th October 1798, complying with the request of the Merchants, permitted them generally to send home private ships and cargoes, as had been done in 1797; the ships being hired to the Company, and

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relet to the owners. In the following year, having received the Court's order, he, in obedience to it, observed the mode of freighting therein prescribed; but against this mode representations were made by the Merchants there; and the reasons urged by them, which the Governor-General fully adopts, with other considerations, which, he states, appeared to him to enforce a recurrence to his plan of 1798.

Into this first part of the subject, however, either as it may respect the Merchants, or as it relates to the temporary measure of the Governor-General, your Committee do not think themselves, at this time, particularly called to enter. Their immediate concern is with the other and more important part of his letter, which is strenuously to recommend and to urge "the permanent establishment of a systematic intercourse be-"tween the ports of India and that of London, regulated by principles "similar to those adopted by the Bengal Government in October 1798;" that is, not only that the mode of hiring and reletting to the owners, private ships for private cargoes, shall be established, instead of the one enjoined by the Company; but that the permission to send home such ships and cargoes, which had been formerly given occasionally, at the discretion of the Company or their Governments, and was always subject to any limitation they might prescribe, shall no longer rest on this footing, but be rendered permanent, or in other words, become a right, and this without any proposed limitation whatever, as to the extent of the trade.

The Court will see at once, that this is the main question discussed through the whole of your Committee's Report of the 27th January last; a question upon which your Committee and the Court have come to a resolution, considerably differing from the conclusion which the Governor-General deduces from his reasoning, and differing, also, though far less,

less, from the opinion of Mr. Dundas, between whose views and those of the Governor-General there appear to be some very material discordancies.

The Governor-General argues, in support of his proposal, from the inconveniences of the restraints, limitations, and uncertainties, under which the private Merchants have hitherto been placed; from the increase of the trade of Calcutta; from the great advantages which would result to British India and the sovereign State, by encouraging the produce, shipping, and exportation of the former, and making the latter the grand mart for all the exports of our Eastern Territories. He next represents the trade of foreign Nations with our Eastern Possessions, as alarmingly increasing; those nations as becoming very formidable commercial rivals to us; the peace and security of our Indian Empire as likely to be affected by the intrigues of numerous Foreigners resorting thither; and the practicability of reducing Foreigners to an inability of doing much in the trade of India, by giving the utmost facility and encouragement to our own Merchants.

All these topics have been repeatedly brought before the Court, either through the medium of the proceedings of the Governments abroad, or of the advocates at home for the Free Merchants; and they are considered at large in the former report of your Committee; who, after a deliberate review of the letter from the Governor-General, are unable to discover in it any branch of the subject to which they have not already adverted. Some of the Governor-General's arguments are accompanied by new circumstances which demand attention, and all of them are strongly stated; but the objections to the proposed enlargements which he has also noticed, are not, in the opinion of your Committee, sufficiently weighed, nor duly followed into their consequences. Such being the general matter and scope of the Governor-General's letter, and your Committee having,

In their former report, already mentioned, likewise entered fully into the consideration of those objections to which they have now alluded, it cannot be necessary, did the limited time of the Committee permit, to go into a minute discussion of the various reasonings which the Governor-General has employed, since that would unavoidably lead your Committee over the same ground they have already trodden; and therefore, without intending the smallest failure of respect towards the noble Writer of the letter, or any elusion of his arguments, they will confine themselves to a few of those points brought forward by him, which either mark the more material differences between his opinions and those entertained by your Committee, or contain such new circumstances as require observation.

I. The opinion of the Governor-General appears to differ from the opinion of your Committee, in respect to the nature of that trade from British India, which it is now in queſtion to encourage; and also concerning its proper extent.

Your Committee have held, that besides allowing for the returns of exported British manufactures, according to the Act of 1793, a privilege now hardly claimed, the legitimate and the only considerable object, in enlarging the private-trade, ought to be the remittance of the fortunes of British Residents. Mr. Dundas has gone upon the same principle in his letter of April 1800. This was the main object of the Act of 1793; and in the eleventh resolution, submitted by your Committee on the 27th of January last, which has been approved by the Court, it is formally stated, that, "if it became a practice to add to the native stock "of India, capital belonging to residents in Great-Britain, and transplanted for the purpose of forcing the productions of that country be-"yond the ability of its own means, this would be the introduction of "one of the first principles of the colonial or West-Indian system, which

"it

" it is said, in the first resolution, would ultimately hazard the loss of our " possessions."

Mr. Dundas, in his letter of the 21st ultimo, fully accedes to this doctrine. The eleventh resolution, and also the first, are among those, of which he says, " that his opinions entirely accord with the general " principles contained in them." The Governor-General, on the other hand, in the forty-ninth paragraph of the letter now under consideration, distinctly asserts, " that if the capital of the Merchants in India, and the " remittance of the fortunes of individuals, should not supply funds suf- " ficient for the conduct of the whole private export trade from India to " Europe, no dangerous consequence could result from applying to this " branch of commerce, capital drawn directly from the British Empire in " Europe."

His Lordship goes on, in the following paragraphs, to state, what beneficial consequences would result to British India from such an increase of its active capital, as would augment its produce and manufactures; and certainly where it is argued, that there could be no dangerous consequence on the one side, and that there would be great benefits on the other, the admission of this species of trade must be understood to be clear; nor can it be denied, that it seems naturally to flow from the doctrines frequently held by the advocates for enlargement. In another part, also, of the letter, the Governor-General argues, " for the " extension of the utmost practicable facility to the British Merchants " in India for export to London;" and to shew that it is not probable any increase of private British trade in India would necessarily produce a proportionate augmentation in the number of British agents resorting thither, he observes, that British Merchants there would be " *likely to be* " *employed by persons engaged in commercial concerns at home, who might easily* " *conduct their operations with India*, through the British subjects established " there :"

" there :" which expression, if it has not reference to the provision of 1793, in favor of British exporting manufacturers, who have hardly ever used their privilege, will imply, that other residents in Britain might become parties in the Indian trade.

Now here is a grand, and even an essential difference in judgment and principle, between the Governor-General on the one side, and the Court and Mr. Dundas on the other. It must be useless to debate about subordinate details, if this great point be not settled.

This, therefore, is the first question: Whether we may authorize the transfer of British capital, for the purpose of raising produce in our Eastern possessions? This is, in the apprehension of the Court and of Mr. Dundas, it is still in the apprehension of your Committee also, one of the usual leading principles of our colonial system. It would, in the opinion of your Committee, tend to introduce a colonial system into India; the consequences of it cannot fail to be important: it ought not, therefore, to be precipitately acquiesced in; but before it is acted upon or admitted, both the Company and the Nation ought solemnly to try and determine it, with a deliberate view of all the bearings, and probable effects of it. What the effects of it, combined with the other measures of the same system, would be, your Committee have in their former Report endeavoured to investigate at large.

II. The systematic establishment of any class of private ships in the trade and navigation between India and Britain, which, in respect to Indian ships, the plan of the Governor-General involves, is another great principle, in which his opinion is at variance with that of the Court. Upon a less extensive scale of enlargement than that for which the Governor-General pleads, the Court have seen insuperable obstacles to the admission

of this article, as has been at length explained by your Committee in their former Report.

Of the reasons therein stated against it, your Committee will, at present, refer to one only,—the high improbability of excluding, for any length of time, British ships and owners, and Merchants resident in Britain, from the privilege at first conceded only to Indian ships and residents in India. If this exclusion would be difficult, as your Committee have maintained, on the more limited plan of enlargement, which they conceived to be in question, they must be of opinion, that if so great an innovation as is now proposed in our system of Indian policy (a change certainly not within the scope of the Act of 1793) were admitted, that exclusion would be impossible; and indeed it would be useless to contend for it, because if Merchants resident in Britain might embark, according to their discretion, in Indian adventures, through Indian ships, to the indefinite multiplication of such ships (whether ultimately the Nation might, on the whole, be benefited or not, by such a new state of things, and all its concomitants) they might then, as well be permitted to employ English ships at once; for it is not the country of the ships, but the enlargement of the channels of communication, with the other considerations, which would follow a systematic establishment of any class of ships, that constitutes the essence of the objection to such an establishment.

III. On the subject of the trade and intercourse of Foreigners with our Indian Possessions, your Committee are concerned to find, that the sentiments they entertain do not, in all things, correspond with those of the Governor-General. It is to this head, that the circumstances, new to them, in his letter, chiefly belong; for he has shewn a very large increase to have taken place, in the year 1799-1800, in the imports of Foreigners, especially the Americans and Portuguese, into Bengal, and in their ex-

ports from thence. This is, undoubtedly, a matter which well merits attention; but your Committee are by no means convinced, that it affords any certain conclusion in favor of the argument which it is brought to support, namely, that the transfer of British capital to India, and the employment of private Indian ships thence to England, should be systematically permitted. It will be proper to enter a little into this matter. The Merchants in India, and their advocates here, have, for several past years, insisted in terms very alarming, on the increase of the trade of Foreigners. They represented it as vast and as progressive. Your Committee have, in their former Report, from the most recent authentic statements of the external commerce of Bengal, shewn, that from the year 1795-6 to the year 1798-9 inclusive, the exports of Foreigners from Bengal uniformly decreased, and that their imports there almost uniformly decreased also. From the same accounts it likewise appeared, that the amount of the trade of America, which was regarded as the most formidable rival, varied from less to more, and again from more to less: and your Committee were warranted in observing further, that the foreign export trade of Bengal did not, in the year 1798, exceed in value what it had been thirty years before. The natural inferences from these facts were, that the amount of the foreign trade was not such as to occasion any alarm, that it was not increasing, and that it fluctuated from year to year; whence, also, it was fair to suppose, that it was still, in some measure, a trade of contingencies, arising in part, no doubt, from the belligerent state of Europe. So far, therefore, the argument from the increase of foreign trade was invalid. But in the year 1799-1800, there appears to have been a real and considerable increase in the trade of America and Portugal. According to the Governor-General's statement, their trade, in that year, and the average of it for three preceding years, will stand thus;

Average

	Imports.	Exports.
Average of the Years 1796-7, 1797-8, and 1798-9,	17,82,327	27,37,604
1799-1800,	81,81,005	71,30,372
Excess in 1799-1800,	63,98,678	43,92,768

As, however, there was a progressive decline in the foreign trade in the years 1796-7, 1797-8, and 1798-9, it may be proper also to compare the state of that trade in the years 1795-6 and 1799-1800. In the Reports of External Commerce it appears thus:

	Imports		Exports.	
	1795-6.	1799-1800.	1795-6	1799-1800.
Hamburgh -	6,57,431	72,333	17,37,342	61,582
Copenhagen -	7,70,136	10,16,474	8,13,832	9,56,145
Lisbon - -	10,24,943	46,56,391	21,81,371	33,44,435
America - -	8,43,118	35,24,644	19,49,319	37,85,937
R'	32,95,628	92,69,842	66,81,864	81,48,099

This view, with some lights thrown on the subject by the Reports of External Commerce, affords several useful observations.

First. The foreign exports of 1799-1800 exceed those of 1795-6 in nearly fifteen lacks of rupees. This is the total increase of the trade, compared with its state five years preceding.

Second. The foreign exports of 1795-6 nearly doubled the foreign imports, consequently Bengal paid so much more than it received, and the

the greater part of the difference was probably British property, sent out of that country by clandestine channels. In 1799-1800, the imports exceeded the exports in about eleven lacks, and this was perhaps the first year in which the balance of foreign trade was thus really in favor of Bengal, or the imports even equal to the exports, since our acquisition of the country.

Third. The excess of imports in 1799-1800, compared with 1795-6, is about sixty lacks of rupees; and it appears, that a very large proportion of this sum, probably about three-fourths, was brought into the country in specie, the most advantageous kind of import.

Fourth. It is to be collected from the Reports of External Commerce, that the increased trade of the Portuguese in 1799-1800, arises from the increased demand for India goods in the Brazils, Spain, and Spanish America; and the subjects of the United States appear to augment their trade, partly from the increasing consumption of Indian commodities by the large population of that portion of the American continent, and partly from their supplying some of the West-India Islands, and the Spanish settlements in South America with those commodities. This, therefore, may be presumed to be a *bond fide* trade; and in our present circumstances, or whilst war continues, it is not likely that, if we immediately checked this trade, our importations to London would reach those distant places of consumption. The conveyance from India direct would have so many advantages, as probably to incite a new activity in the clandestine trade from our settlements.

Fifth. It has appeared, from what your Committee has stated in their preceding and present Reports, that the trade of Foreigners with India has been liable to great fluctuations in the course of this war; and on the

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whole, therefore, of the view and exposition here given, your Committee submit, whether the increase in the foreign trade in one year, be of such a nature and amount, as to urge to any instant measure of extraordinary magnitude.

But your Committee see great reason to doubt, whether, if even the measure now proposed were adopted, the *bonâ fide* commerce of Foreigners with India would thereby be greatly diminished. The advantages with which neutral nations at present carry on that commerce, clearly arise, in part, from their neutral character. In the expense of shipping, navigating, and insurance, they sail cheaper; and needing no convoys, they perform their voyages more expeditiously. To this is to be added, that the import duties on Indian goods in Portugal, Denmark, and Hamburgh, and as your Committee apprehend, in America also, are more favorable than they are in London. Whilst these circumstances continue, it seems in vain to expect that the home consumption of those countries can be supplied through the medium of London. For what, if by new enlargements, an amount as great as Foreigners now carry from India to their own ports were added to the private exports from India to London? It is continually said that the exportable produce of India may be indefinitely increased; is it not reasonable to suppose, therefore, that the bullion of the Americans and Portuguese would still find the returns they needed of the commodities of that quarter? But this juncture, when, from the extraordinary turn of the war, it has been even feared that all the ports of the Continent might be shut against the ships of this country, seems particularly unpropitious to attempts to attract hither any large portion of the Indian trade carried on by Neutral Nations. As it is the war which has given the chief advantage to Foreigners in that trade, so the return of peace will afford the best opportunity for rectifying whatever may still require regulation.

Although your Committee cannot allow the present state of the foreign trade to be of preponderating importance in the vast question now under consideration, yet they are forward to observe, that besides requiring general attention to its progress and variations, several things in it call for the interposition, at a seasonable moment, both of the Government and of the Company. The circuitous trade of the Americans with foreign Europe is a violation of the Treaty of Commerce, little merited by the great privileges given them in that quarter; the Indian duties, also, on exports and imports, seem to require new modifications in favor of the London trade; and if these things were duly regulared, and the London import duties on Indian goods brought nearly to the level of the moderate imposts at foreign ports, it appears probable, that with the advantages of peace, the trade of Foreigners would be limited to what could be carried on with their own capital; and this, it has been agreed, they should be permitted to enjoy.

But your Committee have before observed, and cannot avoid repeating, that if all practical meliorations were effected in favor of British traders in India, and even permission given them to send their own ships to England, it does not appear, that, after all, these concessions would infalliby secure to this country the trade of those British Residents. The principle relied on for obtaining that security, is to make it the interest of the Merchants to consign their goods hither; but suppose that, after every thing practicable is done by the Company and the Government for this end, it should still prove, at times, their interest to address their goods to foreign ports? Notwithstanding what has been said of the superior advantage of sending commodities to the largest market, and to one's native country, conjunctures may arise, especially in the deranged state into which Europe is now brought, when this may not be the most profitable course. What, then, would preserve to the Company and the State

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the expected benefit of all the sacrifices they should have made? Your Committee are at a loss to give a satisfactory solution to this interesting enquiry. They believe the commercial history of the American colonies, now independent, will shew, that no privileges conceded by the mother country to the trade of those colonies, were sufficient to prevent them from often following their own interest, when it led them to forbidden ports. The Governor-General has stated, in the letter now before your Committee, that "it never can be practicable, if it were justifiable or "politic, by any restrictions or penalties on the trade of the British sub-"jects, to prevent the increasing produce and manufactures of India "from being conveyed to the markets in Europe, where a demand for "such articles shall exist." The object of any restrictions that now exist, is not to prevent the exportation of Indian produce to Foreign Europe, but to prevent British Residents from carrying on that trade for their own account. From the last Report, however, for the year 1799-1800, of the external Commerce of Bengal (in which are several passages that call for observation) it would appear, that such restrictions are little regarded; for repeated mention is made of the trade of *Anglo-Danes*, or *British subjects*, from Bengal to Copenhagen, and Hamburgh. The subject is mentioned openly and familiarly, it would almost seem industriously, in order to bear upon the question of the required enlargements in the trade to London; for, it is said in one place, "that in 1798-9, when "British Merchants in Calcutta were permitted to load their own ships, "or to make their own arrangements for the freight to London, there "was not a single bag of sugar or bale of cloth shipped by them to any "foreign port; whereas, if such permission had not been granted, the "shipments in *Anglo-Danish* vessels would have continued; as Merchants "in every part of the world will run many risks, sooner than allow their "ships to rot in harbour, if employment can be obtained for them." Though it belonged to the office of the Reporter to bring the foreign trade,

trade, of whatever description, into notice, yet, as in the passage now quoted (whence, by the way, it would seem that to become possessed of ships may be used as an apology for carrying on the clandestine trade) and in other similar passages, breaches of the law are brought under the eye of Government and of the Court, in a manner that seems to imply no expectation of exciting surprise or animadversion; and as a passive acquiescence under publicities of this kind may yet further encourage disregard of the existing laws, which cannot but be inexpedient in any Government, your Committee submit, whether this matter, and indeed the whole state of the clandestine trade, does not require some attention on the part of the Court.

In the former Report of your Committee, the amount of the clandestine trade of Bengal is stated to have been, on an average of some preceding years, about twenty-five lacks of rupees per annum. This, as the statements exhibited in that Report may shew, is to be understood as the annual amount of British fortunes, sent home from Bengal by foreign channels, or in other words, the supply which the remittance of those fortunes gave to the clandestine trade.

But from the last Report of External Commerce, and from other circumstances, it now appears probable, that of the remaining thirty-one lacks per annum, which your Committee stated as the really neutral trade of Bengal, a part may have been carried on with capital furnished by British Residents there, or by Merchants in London. In as far as this adds to the argument drawn from the amount of the clandestine trade, it subtracts from that which has been urged from the increase of the real trade of Foreigners.

In one other point which belongs to this head, your Committee feel themselves unable to adopt the sentiments of the Governor-General;—it is the apprehension he seems to entertain of foreign intrigue and foreign influence, in consequence of the present resort of the ships and adventurers of foreign nations to India. That this is a matter which, in all times, and under all circumstances, should engage the vigilant attention of the Company's Governments, is a very clear proposition. To remit watchfulness would be to invite danger, and to maintain it is the only way to keep danger at a distance. But your Committee are at a loss to conceive how, in the present state and circumstances of the British Nation, and of Foreign Nations in India, there can be so much room for the intrigues of their agents, or so much to be apprehended from them, as in former periods, when they possessed respectable national settlements and governments in India, when they had national representatives, who were owned by the Princes of the Country, and maintained a political intercourse with them. Now, excepting the spots still occupied by the small states of Portugal and Denmark, the foreign Nations of Europe do not possess a foot of land on the Continent of Hindostan. Our dominion, on the other hand, is consolidated and extended; and foreigners, in general, are obliged to resort for their commodities to our settlements, and to have their wants supplied through the medium of our subjects. Without national settlements or representation, your Committee cannot apprehend, that, if due circumspection be observed on our part, political danger is to be feared from them; especially from such nations as the Americans, Danes, and Portuguese, whose domestic circumstances do not favor schemes of obtaining political power in the East. The French alone, seem, at present, to be, in this respect, formidable to us; and if they again obtain footing in that country, it will remain for us to employ those precautions which the case shall require.

The resort of foreign military adventurers to India is, unquestionably, a matter of very serious consideration; and the Company and the Nation are highly obliged to Marquis Wellesley for the energy with which he has applied himself to the correction of that evil: but as foreign flags always have had, and must have, access to India, so it does not appear, that it can be more easy now for adventurers of that description to introduce themselves into Hindostan, than it was when the French and Dutch possessed there large establishments, forts, and military of their own.

IV. In the last place, your Committee must believe, that there is a very material difference between the views of the Governor-General and those of your Committee, respecting the consequences which would follow from the proposed system of enlargements.

This is an essential part of the subject on which your Committee have already given their sentiments at large. Unquestionably, the Governor-General does not feel those apprehensions they entertain; if he did, his principles, yet more than the stake he has in the welfare of the Empire, would with-hold him from supporting the projected innovations.

He desires to promote the prosperity of the provinces over which he presides, and is impressed by what appears to be immediately suited to this end; but from the various important events which have occurred in the short period of his Government, and the application of his mind to other studies, he, though acquainted with the general principles of commercial policy, for which the Court also maintain a liberal regard, has not perhaps been able to contemplate the effects of the proposed changes in a commercial country like this, with the lights which the position, mercantile experience, and habits of the members of the Court of Directors, reflect upon it.

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Your Committee have not a doubt, that the effects of the privileges which are required, would be very great upon the existing system of Indian intercourse and connection, and gradually change the character of that intercourse. If the required privileges are given to one class of ships, and one class of British subjects, it will be, in the opinion of your Committee, even impossible to with-hold them long from other classes: or if these are denied a formal participation, they will soon infuse themselves into the first mass; the keen spirit of commercial enterprize will every way seek to enlarge its liberty, and become impatient under remaining restraints; in which view it is not unimportant to remark, that "to avoid the forms of office at the India-House," (the business of which it is impossible to transact without forms) is already assigned publicly by the Reporter of Bengal Commerce, as one cause of some late illicit practices. Many things would conspire to antiquate the present establishment; and the genius, in a word, of the commerce thus carried on, must progressively tend, more and more, towards an unrestrained and a colonial system. If it were now proposed to erect another commercial Company, the proposal would probably startle every body: but in fact the privilege which is in question, would establish an interest of a more formidable nature, and containing a stronger principle of growth, than could be involved in the strict constitution of an incorporated society. The gradual increase in numbers, influence, and connections of those who should embark in the trade of India, under the new privileges, has been adverted to in the former Report of your Committee. Moderate as is, in truth, the whole capital yet engaged in the private-trade of British India, we see that those concerned in it, who a few years ago had hardly any ostensibility, are now able to make considerable movements, both in India and in England. It is obvious, that the stock of the East-India Company being open to all purchasers, may in time be largely possessed by

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persons of this description; and that the very complexion and character of the Company, from whom commercial laws for India emanate, may at length be changed. It is not enough, therefore, in treating of this subject, to make a due reservation for the principles of the present Indian system, and for the rights of the Company; the great point of all is, sedulously to examine, how the measures professed to be adopted with proper regard to those principles and rights, will operate: nor is it enough to say, that the Company may prevent the perverson of the proposed privileges, or restrain them if they are found inconvenient. It is not, after arming the present spirit of innovation with new powers, that we could expect to be successful against its progress. After men had embarked largely in the new system, and set capitals, ships, and adventures in motion, then would not be the best time to tell them to stop. They would plead the interests they had engaged, and engaged under the sanction of authority. It would be disputed by one part of the Company, whether those things which another part might call inconveniences, were so or not; and, in short, this kind of reasoning puts all to hazard in making the experiment.

In concluding this momentous subject, your Committee are induced to offer a few words on the situation in which they find themselves placed, with respect to it, as Directors of the Company: and in expressing their own sentiments, they may venture to assume, that they describe those of the Court at large.

No part of the duty of a Director is more trying, than that which calls him to resist private and personal interests. These are always active and urgent, and apt to combine censure with disappointment. In support of such interests, those to whom they appertain, perhaps many in number, and united together, act immediately in their own persons;

persons; whilst the public interest is managed by representation; and the eager assaults of numerous individuals must be chiefly opposed by an internal principle. Prejudices have always existed against the Company, partly from its power or management, and partly, of late years especially, from doctrines of commercial policy, imperfectly understood, or unsuitably applied. The Directors have been held to maintain a narrow jealousy of the Company's monopoly, and in that spirit, to have opposed the liberal extensions which the public interests required; but they are not conscious of deserving this imputation. They feel, indeed, that it is incumbent on them not to surrender the rights of their Constituents, without being convinced that the surrender ought to be made; but they have examined the present question, and have been very much guided in the determination of it, by considerations of national policy. Such considerations must evidently enter now into all great measures respecting the export commerce of British India. It is painful to the Directors to pause upon any schemes that seem to have the prosperity of that country for their object; they sincerely wish it to be flourishing and happy, but also to be safe. The British residents in it, not only those who are actually concerned in its manufactures and commerce, but the servants of the Company, employed as public functionaries, all desire to see its industry promoted. It is natural they should become interested in the scene immediately before them; it is also laudable: and as the conduct of the Court of Directors, in the present case, greatly results from considerations less within the sphere of the observation of their servants, it is not impossible that, charged as it will be by others with narrow, timid views, it may appear to them to wear too much of that complexion.

Conscious as those servants are of loyal and affectionate attachment to the mother country, an attachment which the Directors are assured

is warmly felt, they may think the fears of distant evils visionary, and partake of that sentiment which persons out of the service manifest, for what they may conceive to be a more expanded and magnanimous policy. If this way of thinking should so far infuse itself, as to lessen the regard due to the present system of Indian Government, of which the Court of Directors is the supreme executive head, it would be every way unhappy. No material change in that system, if speculation could be carried forward to one, would place the European inhabitants of British India on so desirable a footing, as they live at present under a Government of various parts, which operate as checks upon each other. All, indeed, who argue upon public principles, are for the continuance of the present Indian system; the Court of Directors, however, forms an integral, and even essential part of that system, if their administration is discredited, the system itself is affected: and though they must be far, either personally or collectively, from pretending to be exempt from errors; yet the consideration just mentioned, may entitle them to be solicitous, that their conduct should not be subjected to unnecessary censure, and thence the authority of the Court exposed to derogation; and therefore, although all just freedom of communication is to be encouraged in their servants and Governments abroad, it must be extremely inexpedient to have differences of opinion, between them and the Court, made unnecessarily ostensible, either in India or in England. Opposition to the Court, in both countries, must thus be strengthened. In public discussions which arise at home, perhaps the great weight of the Indian Administration may be forced into the scale of those with whom the Court has to contend; and the delegated and superior authorities, which ought to appear, as much as possible, one power, be placed in opposition to each other; which will manifestly tend to weaken the credit of the latter, and thence the system of which it is a constitutent part. Your Committee hope to be forgiven, if these observations shall appear to be any digression from the question under consi-

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deration: they seemed to be connected with that question, of which your Committee will only further say, that, in their opinion, it involves in it ultimately, the permanence or the gradual supercession of the present system of Indian policy.

East-India House,
2d April, 1801.

HUGH INGLIS,
D. SCOTT,
STEPHEN LUSHINGTON,
JOHN ROBERTS,
JACOB BOSANQUET,
ABRAM ROBARTS,
EDWARD PARRY,
CHARLES GRANT,
FRANCIS BARING.